

# The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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## Hour By Hour Schedule For NAIC Annual Parley

The hour-by-hour program for the annual meeting of National Assn. of Insurance Commissioners in Chicago June 9-13 has been prepared. There are 37 meetings of sub-committees, full committees and of the full membership. Items on the agenda of interest primarily to fire and casualty insurance are listed below. Committees are followed by the chairman and the agenda, if any.

### June 9

9-10 a.m., Examinations, practice and procedures manual revisions sub-committee, Wikler of New York by Julius Sackman: Inclusion of examination program for employee welfare funds or development of separate manual; amend "general matters" page to require examiner-in-charge to read or permit company to read rough draft of report before participating examiners leave; amend to expedite declination or acceptance of participation in examination by requiring answer by telegram, or to provide for 60 instead of 30 days notice prior to commencement of examination.

9-10 a.m., Sub-committee to study statistical, rating and filing problems of multiple line contracts, Vorys of Ohio: Proposed procedure for filing multiple line contracts.

10-11 a.m., Operations of the executive secretary's office sub-committee, Parker of Virginia.

10-11 a.m., Study and review of the term rule and its influence on basic rating formula sub-committee, Bennett of Iowa.

11-12 a.m., Future sites for NAIC meetings sub-committee, McConnell of California.

11-12 a.m., Credit life and credit A&H model bill legislation sub-committee, Gerber of Illinois: Approve or disapprove the report to be submitted on the question of establishing the bench mark for credit life and credit A&H insurance.

11-12 a.m., Commercial pension funds and trustee welfare funds sub-committee, Navarre of Michigan: Amendments to original NAIC union welfare legislation; amendments to code of ethical practices.

1-2 p.m., To analyze and review examinations of insurance companies to perfect practices and procedures sub-committee, Parker of Virginia: Report from industry committee on examinations of insurance committees.

2-3 p.m., Problems incident to cancellation of A&S policies sub-committee, Beery of Colorado.

2-3 p.m., Uniform rates for auto assigned risks sub-committee, Sheehan of Minnesota.

3-4 p.m., Definition and interpretation of underwriting powers committee, Davis of Mississippi: Classification of fire, marine and casualty insurance industry committee reports; interpretation of nationwide marine definition industry committee report.

3-4 p.m., Non-profit hospital and medical service associations committee, Smith of Pennsylvania: Problem of reimbursement formula between hospitals and service associations sub-committee report; study greater standardization of Blue Cross and Blue Shield regulations sub-committee report.

4-5 p.m., Valuations of securities committee, Humphreys of Massachusetts: Valuations of securities sub-committee report.

4-6 p.m., Preservation of state regulation (joint meeting), McConnell of California: Preservation of state regulation committee report; Crafts vs FTC; FTC vs Fireman's Fund;

National Casualty vs FTC; McGee vs International Life; SEC vs Variable Annuities Ins. Co.; American Hospital & Life vs FTC; U. S. vs New Orleans Insurance Exchange; Travelers Health vs FTC; U. S. Senate Bill 1168; House sub-committee on government operations; flood and hurricane committee report; House sub-committee on legislation oversight; ICC bureau of motor carriers; sub-committee and anti-trust or monopoly under Senate resolution 231.

### June 10

9-10:15 a.m., Blanks committee, McConnell of California: Blanks committee report; commercial pension funds and trustee welfare fund uniform blanks sub-committee report.

9-10:15 a.m., Casualty and surety committee, Mahoney of Maine: The "bonded car" warranty problem.

10:30-11:30 a.m., Plenary session, Navarre of Michigan presiding.

No meetings are scheduled for the afternoon of June 10, this time being given over to "publication of reports."

### June 11

9-10:15 a.m., Examinations committee, Humphreys of Massachusetts: Examination practice and procedure manual revision sub-committee; sub-committee to analyze and review examinations of insurance companies to perfect practices and procedures of association examinations.

9-10:15 a.m., Insurance covering all installment sales and loans committee, Larson of Florida: Insurance problems in connection with installment sales and loans sub-committee; credit life and credit A&H model bill legislation sub-committee.

10:30-11:45 a.m., Laws and legislation committee, Beery of Colorado: Organization, ownership and certification of insurance companies sub-committee; sub-committee to study and review state laws necessary and essential to perfect state regulation; sub-committee to study and review the principle of extraterritoriality of state laws; licensing requirement for non-resident brokers.

2-3:15 p.m., Accident & health committee, Knowlton of New Hampshire: Sub-committee to study reserves for guaranteed renewable A&H policies; sub-committee to study problems incident to cancellation of A&H policies; regulation of advertising sub-committee; house confinement provisions in policies of A&H insurance sub-committee; definition of "non-cancellable insurance" and "guaranteed renewable insurance" sub-committee; problems in A&H settlements caused by preexisting conditions.

2-3:15 p.m., Rates and rating organizations committee, Bennett of Iowa: To study statistical, rating and filing problems of multiple line contracts sub-committee; uniform rates for auto assigned risks sub-committee; sub-committee to study and review the term rule and its influence on basic rating formula; zone 6 resolutions 4, 5, 6, 7, 8, 9; fictitious groups in fire, casualty and surety; should there be a review of the automobile rating classifications; installment premium payment plans and rate filings.

3:15-5 p.m., Executive committee, Hammel of Nevada: executive committee reports; future sites for NAIC meetings sub-committee; operations of the executive secretary's office sub-committee; executive secretary's report; blanks committee report; preservation of state regulation committee report; conference committee report.

### June 12

10-11 a.m., Zone meetings—zones 1, 2 and 3.  
11-12 a.m., Zone meetings—zones 4, 5 and 6.  
2-4:30 p.m., Plenary session with Navarre of Michigan presiding.

## Affirm Wis. Decision On Agent Ownership Of Direct Billed Risks

Wisconsin supreme court has upheld the jury verdict of last year which awarded \$44,000 to Jack O. A. Nelson, former district and local agent for Farmers Mutual Auto of Madison, who charged that his contract was terminated after he built up a profitable agency. Mr. Nelson contended he had built the district from a small number of agents and \$6,500 annual premiums in 1938 to 68 agents and \$47,528 in premiums by the end of 1953.

In affirming the lower court, the supreme court agreed that Mr. Nelson had built up a business through his own efforts which he owned and which the company could not arbitrarily terminate. It is a practice of Farmers Mutual to bill renewals directly by means of a renewal certificate carrying a 10 day cancellation clause which automatically takes effect on failure of the insured to remit.

Mr. Nelson said he was discharged after 16 years with the company in violation of a verbal agreement made when he was hired in 1938. He contended that the company took away his property right to the district and local agencies and that he was replaced by representatives of Farmers Mutual Managers Inc. which he described as composed of a small group of officers of Farmers Mutual Auto. He brought suit against the company in October, 1954, contending he was discharged without cause, and that his verbal contract had been breached.

The decision is of special interest in view of the growing trend toward direct billing, about which some agents have expressed concern as to their rights of ownership on expiration. It also extends the principle of the agency system in cases of district supervisors who are at the same time agents on their own account.

## Allgauer Fully Insured

Allgauer's Fireside restaurant in northwest Chicago that was burned down last week by arsonists for a loss of about \$1 million, was fully insured, including business interruption coverages. The business was in a large number of companies and was placed primarily through the Hielscher agency and the Youngberg-Carlson agency.

It is believed that labor troubles stemming from the U. S. Senate investigation, in which Gustave Allgauer is scheduled to be a witness, motivated the burning of his restaurant. He has two other restaurants in Chicago, one on Ridge avenue and another downtown, the Old Heidelberg. The companies were quick to excuse themselves from this business, and the agents on the risk are having trouble getting it placed in the domestic market.

One company's reaction to the fire, it is reported, was to cancel all of its restaurant business in Chicago, including coffee and hamburger eateries. This has produced some headaches for agents who have to rewrite the business in what is obviously a nervous underwriting market.

## PHD Losses Still On Rise, More Rate Increases Ahead

### Seymour Reports To NAUA Annual Parley On Problems; Hall Retiring, Frame Named

NEW YORK—Auto physical damage claim costs, on the rise since late in 1955, are still rising, and every indication is that they will continue to do so, A. C. Seymour, executive vice-president of Royal-Globe, told the annual meeting here of National Automobile Underwriters Assn.



A. C. Seymour

Mr. Seymour, who was reelected president of NAUA, sees more rate increases ahead. He praised the prompt recognition of the need for rate relief which most departments have accorded NAUA filings. However, he added, "we have been shocked and dismayed by the difficulties we have encountered in some states."

He predicted an increase in public relations efforts in the automobile insurance field to help meet this problem. Also, the industry is studying possible ways of solving the serious problem of mounting glass losses, in addition to rate adjustments.

He announced the retirement June 30 of William D. Hall, actuary of NAUA, and the appointment of Daniel Frame, Mr. Hall's assistant for almost 10 years, to succeed him.

Tudor Jones of Aetna Fire, vice-

(CONTINUED ON PAGE 39)

## Cancel Texas Call For Auto Commission Data

AUSTIN—After first calling on all automobile insurers to file data on the rate of commissions paid to agents, the Texas department late last week withdrew the order primarily because of representations by companies that it would be difficult to compile the information before the auto rate hearing, set for June 20. However, there is every indication that a report on commissions will be called for next year.

The original order, now cancelled for this year, made it clear the department has no interest in trying to regulate commissions but that it needed the information to revise the expense formula. In comment on this Chairman Penn J. Jackson said: "The board is not going to dictate to anybody on the subject of commissions and it does not want any agent or company to get any such idea. They are still a matter for decision solely between company and agent."

## Dean & Homer To Manage Sun Office

Dean & Homer of San Francisco have been appointed general agents for Sun Office for eight western states and Alaska.

Swett & Crawford had been the managing general agency for Sun Office until May 1, when they reorganized as a surplus line operator only.

## Seven Join Oil Association

Seven companies have been elected to membership in Oil Insurance Association: General Accident, New Amsterdam Casualty, U. S. Casualty, Peerless, Phoenix of New York, Standard Fire of New Jersey and Zurich.

## Record 425 Turn Out For Arkansas Agents' Meeting

**W. G. Cobb Advanced To President, Davidson Goes Into Line At Hot Springs**

HOT SPRINGS, ARK.—With a record shattering registration of over 425, Arkansas Assn. of Insurance Agents, meeting here last week for its annual convention elected W. G. Cobb, Little



W. G. Cobb



Robert Davidson

Rock, president, and Robert Davidson, Jonesboro, vice-president for the ensuing year. Mr. Cobb succeeds D. T. Hargraves Sr., Helena, who now automatically becomes chairman of the executive committee. The newly elected officers will assume their official duties Sept. 1, beginning of the organization's fiscal year.

Lawrence H. Derby, Warren, was renamed to his post as state national director, and W. D. Cotton, Little Rock, as secretary-treasurer. C. C. Mitchener, Marianna, who served as secretary for 30 years before being named "secretary emeritus" in 1949, was reelected to his honorary position.

Among its official actions, the association praised the continued fire safety work of Arkansas Fire Prevention Assn. through town inspections and other activities, and pledged the continued cooperation and participation of the local agency group "in these statewide, all-industry, public service activities which benefit the people of Arkansas."

Also, the association went on record to support any public or civic movement aimed at bringing about a correction in the definition of "compensable injury" in Arkansas' workmen's

(CONTINUED ON PAGE 33)

## Combs Approves HO Covers In Arkansas

LITTLE ROCK — Commissioner Combs last week approved homeowners policies A, B and C by Arkansas Inspection & Rating Bureau, the filing to become effective June 15. A similar filing was made simultaneously by Transportation Insurance Rating Bureau and was also approved effective June 15.

The bureaus' filings follow approval in March of the independent homeowners filing of North America. Previously, filings of the homeowner packages were disapproved because of the indivisible premium issue, and the North America's filing was O.K.'d with a proviso that the fire and EC statistics be reported as to premiums, losses and expenses.

## Glens Falls And Natl. Life Of Can. Plan Affiliation

Glens Falls has acquired 25% of the outstanding stock in National Life of Canada from Harold R. Lawson, president. In addition, a purchase offer is being made to minority shareholders of National Life. The exact amount of stock involved will not be known until shareowners have had a chance to consider the Glens Falls' offer.

It is planned that George D. Mead, president of Glens Falls, and George I. Davis, chairman of its executive and finance committee, will become directors of National Life and that Mr. Lawson will join the board of Glens Falls.

This transaction contemplates the development of a program which will enable the agency organization of Glens Falls and National Life to offer fire, life, and casualty coverages throughout the U. S. and Canada. National Life's policies will be available separately and also in complementary combinations with fire and casualty coverages of Glens Falls.

Mr. Mead and Mr. Lawson stated that it will be several months before National Life is ready to operate in the U. S. The company is licensed in several northeast states and is proceeding to become licensed in other states, including New York.

National Life was incorporated in 1897 and began business in 1899. Heretofore it has confined its business to Canada and the West Indies. Under Mr. Lawson the company's insurance in force has increased from \$143 million in 1952 to more than \$268 million at the end of last year. It also has the equivalent of another \$96 million in annuity contracts. Assets at the end of 1957 were about \$41.4 million with capital and surplus funds amounting to \$2.4 million. During the past few years the company has been active in the group pension plan field.

## Stand Pat Attitude Assailed Before Mutual Claims Men

The insurance industry is "afflicted" with an attitude of leaving well enough alone, and a fear of rocking the boat with new ideas, B. G. Gottemoeller, claims director, Nationwide Mutual, told an audience of over 200 at the recent two-day claim conference of National Assn. of Mutual Insurance Companies held at Chicago.

Mr. Gottemoeller made this statement in his talk "Family Compensation—Why and How," which outlined the development of protection for the uncompensated highway accident victim. Remarking that the law of negligence system must be preserved, he said that a compulsory compensation system must be avoided because no mandatory schedule of benefits could be devised which would be fair to all accident victims.

### Family Protection Outlook

Regarding the outlook for family protection coverage, Mr. Gottemoeller said that it is no threat to the negligence system "as has been charged at a recent meeting in New York of the New York Bar Assn." The real threat to the negligence system, he said, arises from faulty administration in two areas: "Excessive verdicts in otherwise meritorious cases, and the build-up of non-existent or minor injuries into claims which result in settlements or verdicts of usually \$250 to \$1,500."

However, Mr. Gottemoeller continued, excessive verdicts are actually infrequent, and it is only the publicity given them which results in a gradual rise in the level of settlement values. "It is," he said, "a constant battle for the claims manager not to permit fear

(CONTINUED ON PAGE 32)

## Mutual Agents And Company Men Share Their Problems

**"Other Fellow" Is Forum Theme At Louisville Midyear**

LOUISVILLE—The midyear meeting of National Assn. of Mutual Insurance Agents here last week was a noteworthy display of determination of agents and companies to cooperate on their common problems and to unite against threats from within and without the business. The tone of the meeting and the handling of subjects from the platform was in sharp contrast to that of many recent meetings.

Particularly noteworthy were a statement by the NAMIA company-agents relations committee, endorsed at the meeting and shown elsewhere in this issue, and a panel titled "Putting Yourself in the Other Fellow's Shoes" at which three company executives discussed their views on agency problems and three agents did the same for company problems. The participants refrained from platitudes and spoke their minds freely, but with no acrimony or lack of understanding.

### Panel Runs Out Of Time

This panel, which took up most of the Tuesday morning session and had to adjourn before all questions could be answered, consisted, on the company side, of P. R. Gingham, State Automobile Mutual; A. L. Minzey, Auto-Owners, and J. D. Cox, Berkshire Mutual. The agents were E. V. Thompson, St. Louis, past president NAMIA; C. M. Boteler, Washington, and J. C. Parsons, Syracuse, vice-president of the association. Mr. Parsons replaced J. L. Norton, Charlotte, who was unable to attend because of last minute complications. J. C. O'Connor, executive editor *Fire, Casualty & Surety Bulletins*, was moderator.

All three company executives stressed sales effort and underwriting as essentials in agency operation and advised against representing too many companies, a point on which the agents were in complete agreement. Mr. Gingham said frankly that if he were an agent he would get all the commission he could and would not be happy about a reduction in the rate of commission, but he would try to be open-minded enough to face facts and to admit the necessity of one if it could be established. He said the record of most agencies is that an

(CONTINUED ON PAGE 37)

## Agents, By Working, Could Save Companies 10 Points

Agents could save insurers 10 points in expense if they adjusted losses of \$200 or less (5%) reduced credit terms (1%), properly selected business (1½%), and had proper accounting and billing procedure (2½%), Marlin F. Perry, vice-president of American Home, told the annual convention of American Assn. of Managing General Agents in Colorado Springs.

He said agents have objected to commission reduction while companies continue to pay out as much in expense. But, Mr. Perry pointed out, company personnel is paid for and in relation to what it accomplishes for the company. On this basis, not all agencies should be paid the same commission, he declared.

He went on to suggest that because the producer represents companies which pay maximum commission side by side with a cut-rate company that demands a preferred class of business at a minimum rate of commission, bureau companies are going to have to revise their method of operation. One change which he thinks would improve the business would be to

eliminate commissions entirely and have the producer charge insured for what he does for insured.

The agency system is a distribution mechanism of the utmost importance, he said, not merely to his company and the stock insurance business at large, but to the public and the American economy. It helped make the U. S. the most insured nation in the world. Then why has the business become so difficult to understand and operate?

Producers appear to feel that the companies are being unfair. Companies appear to feel that the producing sources are unsympathetic. Perhaps some argument can be offered on both sides, but Mr. Perry thinks the real problem is the one of communication. General and local agents face threats to their income, if not their very existence, quite as serious as those the companies are facing. Therefore, all had better look the facts squarely in the face together.

Many, perhaps even most, local agents today represent cut-rater, off-manual companies side-by-side with

(CONTINUED ON PAGE 28)

## NAIA Committee To Study Commissions

National Assn. of Insurance Agents has formed a study committee to review NAIA policy on commissions and related matters. Paul H. Jones, Tucson, executive committeeman, is chairman.

Other committeemen are national state directors: H. P. Glover Jr., South Carolina, Howard Geschiedler Jr., Indiana, and Arthur Schwab, New York. Others may be named later.



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## Undue Control Is Charged in Hospital Suit Vs Smith, Pa.

Bryn Mawr hospital, Lankenau hospital and Germantown hospital, all of Philadelphia, have charged in Dauphin county court, Harrisburg, that the insurance department assumed undue control over their affairs by dictating rates they can charge Blue Cross. A recent Blue Cross rate boost of 39.7% for the Philadelphia area was accompanied by rejection of a 10% to 15% increase sought for per diem hospital reimbursements.

The hospitals said that Commissioner Smith in granting higher premiums to the service but refusing to allow increased payments to hospitals unlawfully interfered with the proper performance of the duties of hospital directors and trustees.

## End Anti-Trust Action Against Sprinkler Firms

A consent judgment has been entered in federal district court at Pittsburgh terminating civil anti-trust proceedings against Rockwood Sprink-

ler Co., Grinnell Corp., Automatic Sprinkler Corp. and Blaw-Knox Co.

The government's complaint charged the defendants violated the Sherman act by engaging in a combination and conspiracy to allocate prospects for the sale or installation of special hazard sprinkler systems and said the defendants held periodic meetings to arrange such allocations, exchanged lists of prospects, refrained from soliciting those allocated to another company, and agreed to protect the prices quoted by other defendants. The consent judgment enjoins such concerted action and prohibits the defendants from renewing the alleged acts.

## Postpone Hearings On New Ark. Insurance Code

LITTLE ROCK — Commissioner Combs recently announced that open hearings on Arkansas' proposed new insurance code have been postponed until July 16. Hearings will be continued through the week of July 23. Originally, the hearings were to begin May 16 and continue through the week of May 26. Delay in printing about 1,000 advance copies of the newly written code made postponement necessary.



## Will his present insurance cover today's higher property values?

● Keeping insurance in line with rising values has been a matter of concern to business property owners for well over ten years. In this period the effect of the substantial inflation in general price levels has been a corresponding rise in the replacement costs of commercial property.

*These costs now stand at the highest point since 1940!*

To the client, faced with the risk of underinsurance—to the agent as an insurance adviser—there is no alternative but an upward adjustment in amounts of insurance. It's here that

mutual savings can be of help in stepping protection up to safe levels; or in providing needed, supplemental coverage.

As we see it, nothing less than full protection will do for your clients in the present situation. Why not be in a position to provide it on the most economical basis, as well as loss prevention service of demonstrated efficiency that reduces the chance of damaging fire or other disaster. If we can be of help in this way, ask about our AGENCY PLAN.

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## N. Y. Excludes State Fund From WC Rates

Julius S. Wikler, New York superintendent, has ruled that experience of the state fund is to be excluded from workmen's compensation rate making. The decision upsets a practice followed for more than 25 years by workmen's compensation insurance rating board.

Mr. Wikler said his ruling was made primarily in discharge of his duty to restrict the management of insurers to protect the public. His opinion notes that loss experience of the fund has been consistently poorer than that of the companies from 1932 to 1954 and that by excluding the fund, which represents about 25% of the total experience of all insurers, loss ratios would have been reduced every year except 1931 and 1954.

The opinion points out that in the past 10 years premiums paid to stock and mutual carriers were almost \$72 million more than they would have been if fund experience had been left out of the rates and that for the past 24 years the amount was more than \$99,470,000. Based on this, the superintendent anticipated that the money saved by his decision will be largely applied to increased benefits for injured workmen, recently enacted into law, without increasing employer's premiums.

The opinion declares that standards prescribed by statute for judgment on rates made by rating organizations dictate that they shall not be inadequate, excessive, unfairly discriminatory or otherwise unreasonable and that "those standards are not applicable to the fund." It also notes that the law directs rating organizations to give consideration to a reasonable profit, whereas rates made by the fund contemplate no profit from its operation.

## Many Stop Writing Auto In Dade County, Fla.

Greater Miami board has made a survey which shows that at least 45 companies—about one fourth of those active in Dade county—have stopped writing and renewing automobile policies. Since results of the survey were based on only 89 replies from 204 inquiries, it is probable that more companies have taken similar action.

George H. Sweet, president of the board, said the company withdrawals were due to increased accidents and claim costs in the county. Rates rose by 27% there last September.

Among companies which the board reports have either completely stopped or restricted writing are Allied American Mutual, American Auto, State Fire & Casualty, American Universal, Alabama General, Southern Indemnity, Security Connecticut, Eagle Star, National Fidelity, Manufacturers Casualty, American Indemnity, Cosmopolitan, Newark, American Title, Transcontinental, American Motorists, Employers of Alabama, United Benefit Fire, Shelby Mutual, Cambridge Mutual, Lumber Mutual, American, Ohio Farmers, Employers Casualty of Texas, Empire Mutual of New York, Security Mutual of New York, General Guaranty, Southwest General, National Mutual of D. C., Balboa, Bankers F&M., Central Standard, Connecticut Indemnity, Ins. Co. of South New Zealand, Reliable, Wabash, Progressive, Southern General, Continental Casualty, Iowa National, American Mutual Fire of South Carolina and Michigan Mutual.

## Lefferdink Interests Buy Equity General

Equity General of Miami, a member of the American Title group, has been sold for approximately \$2 million to Allied Colorado Enterprises of Denver, headed by Allen J. Lefferdink. The change of ownership is scheduled to be effective May 27.

Equity General is a multiple line insurer founded by American Title in 1950 with \$250,000 capital. In 1956 earned premiums totaled \$822,404 on which there was an underwriting loss of \$82,000.

It was announced last December that American Title was retiring from the fire and casualty business and would confine its operations to title insurance exclusively. The fire and casualty business was transferred to Reliable of Dayton, a member of the group, and Equity General. It was planned to merge these companies as of June 30, but substantially the same objective is achieved by the sale, Joseph Weintraub, chairman, said. "Proceeds of the sale of Equity General stock will be added to Reliable, thereby increasing the surplus of Reliable very substantially," he added.

## Has Many Financial Interests

Mr. Lefferdink, a former agent of Northwestern Mutual Life, organized Colorado Credit Life in 1949 for \$100,000 capital and \$100,000 surplus. The company now has about \$100 million in force, mostly credit life. An affiliated company, Colorado Ins. Co., was incorporated in 1952, but confines its operations to Colorado and does a nominal business in fire and automobile. Mr. Lefferdink has a multitude of financial interests. Another affiliated insurer is Allied National of Denver which writes about \$40,000, mostly auto. Mr. Lefferdink also has connections with a recently organized life company in Puerto Rico.

The home office of Equity General will be in Miami with administrative offices in Boulder. The Colorado Insurance group will thus be comprised of Colorado Credit Life, Colorado Ins. Co., Allied National, and Equity General, all under the immediate supervision of Jack O. Robinson, executive vice-president, with Mr. Lefferdink as president.

## Bond Payments "Gift," West Buechelites Told

The city council of West Buechel, Ky., was told this week that it can expect no more money from the revenue bond issue of \$2 million that was sold to BenJack Cage for \$250,000 down and a handful of notes. The bonds have lodged in the portfolios of several insurance companies. West Buechel realized a total of \$351,000 in principal and interest before BenJack Cage went bankrupt.

Henry J. Stites, legal adviser to the city council, said the \$351,000 already received was like a gift and will not have to be repaid. At the same time, he said, the bond issue is cancelled and the city will owe no money to the holders of the \$2 million worth of bonds.

## A. H. Turner To Merge With W. W. Branch & Co.

Operations of A. H. Turner Ltd. and W. W. Branch & Co. are being consolidated and will operate under the name of A. H. Turner, Ltd. The Turner company was organized in 1913, and represents several companies operating in Alabama, Florida, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Virginia.



## Excess Brokers Would Have Full Time Job, Without Selling Under N. Y. Rules

By JOHN N. COSGROVE

NEW YORK—"Killing an ant with an H-Bomb" was a comment from an objector at the New York department hearing on proposed regulations to supplement the law relating to excess line insurance. The presence at the hearing of more than 100 excess lines and general brokers, representatives and counsel of their associations, and company men indicated that the premiums involved were not considered in the "ant" category.

Licenses had been put on notice that violations of the regulations would be considered inimical to the public interest, and grounds for suspension or revocation of license. In addition, violators would be financially responsible to insured in the event of a loss.

Fireworks in the form of strenuous objections to the proposals fizzled out when Superintendent Julius S. Wikler was brought into the meeting by his staff to approve formation of a committee representing brokers' interests to meet with the department and arrive at sensible regulatory procedures. He urged appointment of a temporary chairman to expedite this goal, and George I. Gross of Powers, Kaplan & Berger, New York attorneys, took the chair to lead in forming a general committee which will select a smaller executive group to deal directly with the department.

Milton I. Shalleck, executive assistant to the superintendent and author of the report on excess lines which led to the hearing, presided, and Arthur L. Lamanda, first deputy superintendent, and other members of the department staff also heard the proposed regulations characterized as "onerous and tedious" rules which would hamstring the excess line business.

The big argument rose over the regulation requiring the broker seeking to write an excess line with an unauthorized insurer to prove that at least 18 authorized companies usually covering risks of the type involved have refused to write the particular line. Heretofore only three submissions were necessary. The brokers also were asked to prove turndowns from nine authorized insurers who write such lines but at higher rates.

Objectors pointed out that this long procedure would deprive the public of immediate coverage and would lead to extra expense for the broker. His other business would be neglected, particularly small insureds, and ultimately he could not cover his overhead and would have to padlock his office.

Henry Abrams, New York City attorney, representing licensed brokers said there was no objection to regulatory features if required but that the department proposals were in effect new legislation. He held that present laws give the department ample power to deal with the few malefactors, who are by no means typical of the excess line business. He said there should be no indictment against all the brokers because the "unilateral" report of Mr. Shalleck was based on 15 or 20 cases of violation.

Mr. Abrams said excess lines was not a marginal business but was as good as any other segment of the industry and those in it did not suffer

by comparison with company executives, agents or anyone connected with domestic insurers. He then asked that the proposed regulations be withdrawn and that broker representatives sit down with the department to solve policing problems. In this he echoed practically every speaker at the hearing.

Mr. Shalleck's reaction at this point confirmed his previous attitude during the hearing which indicated it was something of a trial balloon. He recalled that his report stated that there was no intent to place an aura of illegality about the brokers, that they are as legitimate as others in the business and that perpetrators of abuses are comparatively few. He added that, however, the business had grown like "Topsy," and there had been no internal efforts at regulation. He said the department's purpose was to permit continuance of the business by improving it through corrective action and to "bring it into the industry as part of the team." He hoped that regulation would be accepted on the basis of regard for the business as a whole.

He and the staff then conferred privately and returned with the superintendent, who confirmed the hearing's receptivity to the committee idea.

### Proposed Regulations Outlined

The proposed regulations require excess brokers to investigate the financial stability of unlicensed insurers and to submit all communications and confirming data to the department. The broker is asked to keep abreast of the latest financial statements of these insurers, submit the date and period covered by them or give reasons why he had not seen such statements. He is compelled to detail names of persons, their positions with the insurers and the dates he contacted them concerning their companies' financial condition. He is asked to pass judgment on their solvency from the evidence he gathers and submits.

He is further required to investigate the claim practices of such insurers, to submit an affidavit that he knows all just claims have been respected and paid and that from the evidence he is convinced that these companies will honor every just claim. Here again he must detail the persons he contacts and the dates and their position with the companies.

All of these requirements apply again at the renewal of policies.

Objectors at the hearing wanted to know what the department was for if brokers were being asked to take on these unreasonable tasks.

The proposed regulations also change the conditions of the \$15,000

bond which licensees must post and under which recourse may be had when the licensee does not comply with the law. The department held that it was formerly necessary to prove intent to defraud or to be dishonest and has removed what it terms this delimiting condition. Objectors said this step would introduce "whim or caprice" into judgment on cases under the bond.

Licenses are also made personally responsible to insured for return premiums in event of cancellation of a policy with an unauthorized insurer but can recover through assignment of insured's rights.

Advertising or public announcement by a broker to call attention to an unauthorized insurer, fictitious grouping and placing of lines in the unauthorized market merely to obtain a lower premium is prohibited.

The regulations stipulate that only the excess over insurance obtainable from authorized companies shall be sought in the surplus lines market and if any part of the full amount of coverage is available through regular channels, failure of the licensee to place it there will result in the revocation of license.

William D. Salladin has been named general manager of J. T. Ross of New Jersey, the specialists in difficult risks. Mr. Salladin started in insurance as a life agent and in 1950 opened a local agency in Redbank.

## Bureaus Reply To New N. Y. Arguments In Auto Rate Case

A brief in reply to the arguments of the attorney general for the New York department at the hearing in the appellate division of the supreme court at Albany on its disapproval of auto rate increases has been filed with the court by National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau. The bureaus contend the reply brief was made necessary because the superintendent raised issues outside his grounds for disapproval, presented inaccurate or incomplete information not in the record and made unjustified use of authorities.

### Opinions Of Attorney General

The attorney general argued that because of their investment income and other factors the companies are in such good over-all financial condition that they do not need rate increases, despite huge underwriting losses. His contention that over-all solvency should influence a decision on rates was derided by the bureaus as "absurd on its face" and contrary to past pronouncements of the insurance department itself that its interest for

(CONTINUED ON PAGE 34)

## What To Look For In . . .

# LIQUOR LIABILITY COVERAGE



usual and unusual coverages  
LLOYD'S LONDON

Two of the most important considerations for buyers of Dram Shop coverage are: Does the insurer provide a strong and stable market? Are the policy limits high enough to cover against one of the sky-high awards so common today? A. F. Shaw & Co. has the policy that scores highest with clients on both points . . . plus the service that makes your job easier. Call or write today.

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## Sheppard Retires After 38 Years With Hartford Accident

Benjamin T. Sheppard, southern California claims superintendent of Hartford Accident, has retired after 38 years with the company. He was with the Los Angeles district attorney's office until going with Hartford in 1919. In 1934, he became claims superintendent for southern California, which position he has held since. He is a past president of Claim Managers

Forum and for more than 20 years was secretary-treasurer of Casualty Adjusters Assn. of Southern California, retiring last year.

Mr. Sheppard's successor is Stanley W. Mackie, another veteran, who joined the company in 1935 at Los Angeles, has seen service at San Diego and has been at Los Angeles as chief supervisor and assistant to Mr. Sheppard since 1954.

Missouri Fire Prevention Assn. inspected Clinton May 13.

## First National Survey Shows Wide Acceptance Of Health Insurance

Two out of every five American families who are protected against the cost of illness or accident have used their health insurance in the past year to defray medical expenses, Health Insurance Institute reported in announcing the results of its national consumer survey of health in-

surance just completed. Seven out of ten families who have health insurance have used it at some time during the period their policies were in force, it was announced.

The study, conducted for the institute by an independent research organization, was undertaken to obtain information on what people know and think about health insurance, how they use it, and also how such factors as age, income, education and place of residence are related to health insurance coverage. The survey is the first of its kind to be undertaken on a nationwide scale for insurance companies.

Results of the survey were announced at the annual meeting of Health Insurance Assn. of America in Chicago by Albert I. Hermalin, assistant director of the division of statistics and research of Institute of Life Insurance, who served as consultant to Health Insurance Institute on the project. Mr. Hermalin said the survey involved interviews with 2,000 families across the country, yielding information on more than 6,600 individuals.

On 53% of all claims, the survey reveals, families received payment on all or most of the medical bill, while in 20% of the cases payment was received for about three-quarters of the bill, and in 15% of the claims, one-half of the total expenses were paid.

### 78% Express Satisfaction

Some 78% of the families using their health insurance expressed satisfaction with the service of the insuring organizations in paying benefits, according to the institute survey, while 4% were dissatisfied and 18% had no definite opinion.

These figures, Mr. Hermalin pointed out, are consistent with the generally favorable attitude of the population toward health insurance which is revealed by the survey. Some 81% of the people interviewed expressed a favorable attitude toward the idea of having health insurance for themselves, while 9% were neutral in their comments and 8% were unfavorable. Of the insured families, 90% were favorable, and 55% of the families without coverage expressed a favorable attitude.

Mr. Hermalin pointed out that the pattern of attitudes on this question is almost identical for those covered by Blue Cross-Blue Shield organizations and families protected through insurance companies. Nor is there significant variation, he added, in this attitude among different income groups, or among families covered through group insurance plans and those with individual insurance policies.

### Reflects Public Acceptance

Public acceptance of health insurance is also reflected in the survey results on suggested improvements in plans or services. Some 25% of the families had suggestions to make in this regard, 16% gave no answer, and 59% said they had no suggestions for improving health insurance plans or services.

Of the families with suggestions for improving services, 25% desire more information on health insurance, while 20% wanted more benefits in

(CONTINUED ON PAGE 18)

## BROWN STEEL TANK CO., MINNEAPOLIS



protects  
its property  
*Automatically*  
gets better  
**FIRE and BURGLARY**  
protection and  
*saves \$10,000 a year*

It is highly essential for us to maintain uninterrupted production. Therefore, we use the best available protection for our plant. Our experience with ADT Automatic Protection has proven superior to previous methods used, and it saves us approximately \$10,000 a year.

*W. M. Brown*  
General Manager

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Controlled Companies of  
**AMERICAN DISTRICT  
TELEGRAPH COMPANY**  
Executive Office:  
155 Sixth Avenue, New York 13, N. Y.  
A Nationwide Organization

Protection is of vital importance to the Brown Steel Tank Co. in preventing conditions which might seriously delay production and delivery of heavy sheet-metal products, including truck, storage and pressure tanks.

Like thousands of other properties of all types from coast to coast, the premises are protected against fire, burglary and other hazards by a combination of ADT Automatic Protection Services, and at lower cost than other methods.

Sprinkler Supervisory and Waterflow Alarm Service maintains a constant automatic check on the water supply to sprinklers and automatically signals the fire department when the system operates.

Doors, windows and all accessible openings to buildings are guarded by ADT Burglar Alarm Service to summon police automatically should burglars attack.

In addition, ADT automatically supervises room temperature in the office area, steam pressure on the boiler and cutting off of power to a yard crane.

*May we show you what ADT can do for you?*

An ADT specialist will show you how combinations of these and other automatic services can save money and give you better protection for property, profits and employees' jobs. Call our local sales office if we are listed in your phone book, or write to our Executive Office.





38¢ out of every dollar spent on consumer goods and services is spent by households that read a single issue of **LIFE**

**LIFE** gives you a vast, sure and responsive market every single week. The average issue of **LIFE** is read by 15,320,000 households—31% of all U. S. households. And these 31% buy 38% of all consumer goods and services sold in the United States.

What a market. And what a selling opportunity, when you know for certain that you can reach 38¢ out of every consumer dollar.

These newly released figures from **LIFE**'s *Study of Consumer Expenditures* reaffirm what **LIFE** advertisers already know: that all across the country, people who read **LIFE** are the people who are receptive to selling messages . . . the people who actually do the better-than-average purchasing.

**No wonder in 1957** advertisers invested \$47 million more in **LIFE** than in the next leading magazine . . . more in **LIFE** than in the next two magazines combined.

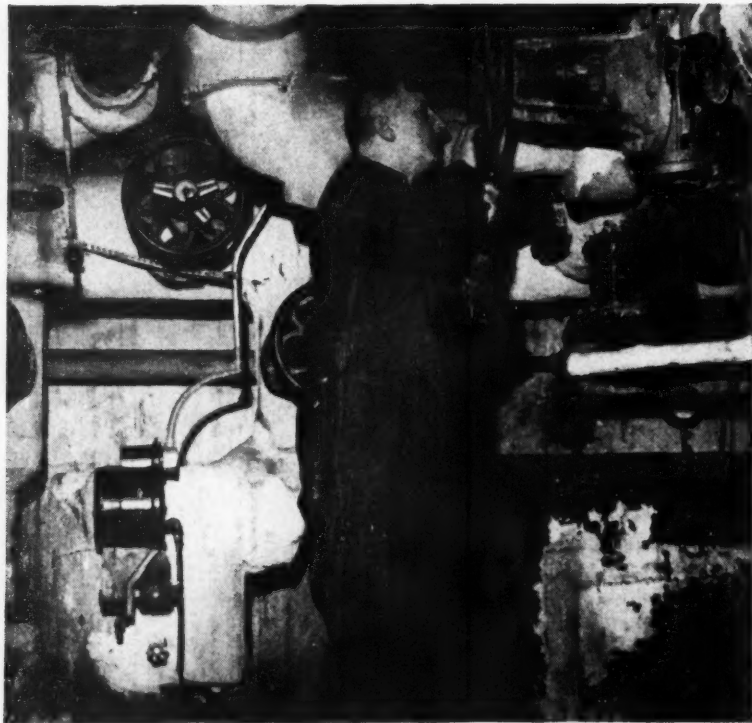
Source: **LIFE**'s *Study of Consumer Expenditures*, an analysis of \$200 billion spent by U. S. households for consumer goods and services in 1956.



ONLY **LIFE** gives you

so much selling support . . . so swiftly, so surely

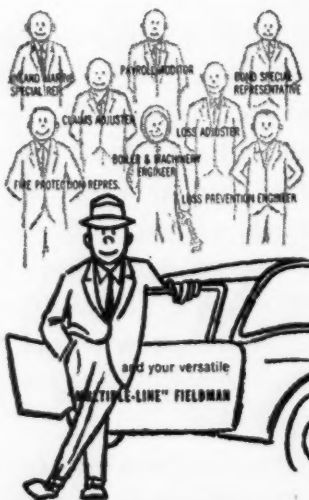
## Salesman?



**YOU SAID IT!** The Royal-Globe boiler and machinery engineer has two suits — the "monkey-suit" above and the business suit he wears when he calls on your clients and prospects. He knows his business — and he welcomes the chance to develop yours.

A star performer on your local Royal-Globe mobile production team, the boiler and machinery engineer is one of many specialists that enable us to say proudly,

**"TOPS IN EVERY SERVICE"**



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RENAISSANCE INSURANCE COMPANY • STAG INSURANCE COMPANY OF AMERICA • AMERICAN AND FOREIGN  
INSURANCE COMPANY • THE BRITISH & FOREIGN MARINE INSURANCE COMPANY LTD. • THOMAS  
& MURPHY MARINE INSURANCE COMPANY, LTD. • VIRGINIA FIRE & MARINE INSURANCE COMPANY

## Plan Multiple Line Winterthur Ins. Co.

A group of persons, including Harold G. Evans, president of American Casualty, which is owned by Accident & Casualty of Winterthur, Switzerland, has published notice of intention to form Winterthur Ins. Co. of New York, with offices at 111 John street. The company, with an initial proposed capital of \$500,000, will write all lines except life, including A&S, credit and animal insurance.

Among the proposed incorporators are Paul A. Thorin of Winterthur, general manager of Accident & Casualty; J. Archer O'Reilly Jr., secretary of American Casualty, and Kenneth E. Ryan, a director of that company.

## Son Takes Over Welch Adjustment

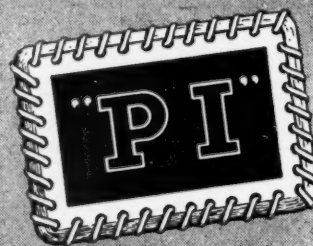
Fire & Marine Adjustment Co. organized by H. A. Welch in 1945 at Oklahoma City has been taken over by his son, H. Bruce Welch, and is now titled H. Bruce Welch & Associates. H. A. Welch is taking an extended vacation in the far east.

## Hold Hemispheric I-Day Lunch In N. Y.

More than 400 guests representing 70 companies and other organizations attended the Hemispheric Insurance Day luncheon sponsored by U. S. Chamber of Commerce at New York. John A. Diemand, president of North America and chairman of the chamber's hemispheric conference committee, presided.

Clarence B. Randall, special assistant to President Eisenhower, spoke on foreign economic policy. Julius Winkler, New York superintendent, was a special guest. Henry C. Thorn, retired resident vice-president of North America at New York, was chairman of the luncheon and was assisted by Harry F. Legg, secretary-treasurer of the insurance section of New York Board of Trade.

The Sacramento office of Pacific Employers group and Victor Montgomery general agency have moved to a renovated building at 1683 El Paso lane. Ivan A. Swanson is manager.



means

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**Personal Interest**  
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Try the **P.I.'s** multiple line market  
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You, too, will like the **Personal Interest**  
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Automobile • Fire • Casualty • Inland Marine • Bonds



## NAMIA Statement On Present Agent, Company Problems

The statement of the company-agents relations committee of National Assn. of Mutual Insurance Agents on current problems drafted at the mid-year meeting of the association at Louisville is shown below. It was approved by NAMIA and presented to the companies.

"Maintenance of the stability of the companies:

"1. Continued stress should be laid on the need for careful selection of risks and for sound mutual underwriting by both companies and agents. 2. Mutual agency companies should be encouraged to appoint agents who are or will become qualified mutual agents and will adhere to the principles of mutual underwriting. The companies should be urged to refrain from the appointment of unqualified agents who do not meet the standards of mutual insurance. 3. Agents should be discouraged from accepting the representation of more companies than are required to handle their business. 4. The insurance commissioners of the various states should be constantly reminded that in the public interest, and subject to statute, it is their responsibility to regulate rather than determine rates and coverages and to grant immediate rate relief where warranted.

"Maintenance of the company competitive position of mutual insurance:

"1. We are interested in maintaining our competitive position and are willing to do our share in partnership with the companies to this end. This does not concede that commission reduction is essential to achieve the desired goal. 2. The unnecessary cancellations of risks by companies is deplored and should be discouraged. 3. Agents and companies should cooperate to eliminate as far as possible the waste caused by unnecessary flat cancellations. 4. Companies should effect all possible economies in operating expense and agents should participate in meeting the cost of requested material.

"Commissions:

"1. Commissions are payment for services performed as agreed between individual agents and companies and should not be reduced to meet underwriting losses. Losses should be met by realistic rates. 2. Attempts to reduce assigned risk commission should be resisted by both companies and agents. The full burden of the assigned risk losses and expenses should be borne by assigned risk policyholders.

"Conclusion:

"The maintenance of harmonious relations between companies and agents is essential to the continued success of mutual agency insurance. We therefore urge our companies to do all possible to improve the lines of communication with their agents, to retain open minds to the problems of agents and to encourage by all available means the improvement of personal relationships between companies and agents."

### To Allstate Planning Post

B. B. Thomas has been promoted to assistant market planning manager in Allstate's home office. He has been with the company two years, recently as planning manager at the Seattle regional office.

## Stricter Fla. Rule On Non-admitted Insurer

J. Edwin Larson, Florida commissioner, has ruled that before any non-admitted insurer may be approved under state statutes, it must furnish him with documentary evidence of satisfactory operations for at least three years in the state or country in which it was organized. Otherwise it must be a wholly owned subsidiary of an insurer which has been approved as a non-admitted insurer for at least three years and has operated satisfactorily during that time.

## Iowa Mutual Agents Want No Cuts In Commissions

DES MOINES—Iowa Assn. of Mutual Insurance Agents at its annual convention here adopted a resolution opposing any reduction in agent commissions.

Herman Faber of Parkersburg was elected president, succeeding William Rutenbeck of DeWitt. Vernon S. Peterson of Lansing was reelected vice-president and Harold C. Kerper of Greeley was named secretary-treasurer.

## General Of Seattle Advances Two At HO

General of Seattle has appointed Richard C. Campbell vice-president, and Edwin Seaman assistant secretary.

Mr. Campbell went with General in 1949 after being with GMAC, Johns Manville, and Continental Bank & Trust. He had been most recently serving as treasurer. Formerly with Price Waterhouse in San Francisco, Mr. Seaman joined General in 1957.

## To Hold Hearing On Rates For New York Blue Cross

The New York department will hold a public hearing June 2 at the New York County Lawyers Assn. building, 14 Vesey street, on the application of the New York Blue Cross plan, Associated Hospital Service, for an increase in rates.

The department some time ago rejected an application for an increase. The then superintendent, Leffert Holz, told the plan to continue to use up its surplus and then re-apply for the increase.

## Loyalty In Western Department Move Joins America Fore

Loyalty group has moved its western department headquarters from 120 South LaSalle street to the new America Fore building at 360 West Jackson boulevard, Chicago.

The move began on a Friday evening and concluded on Saturday evening so that there was virtually no interruption in operations. A complete IBM tabulating department and more than 1,000 file cases and office equipment were part of the move.

Loyalty group companies will occupy the second, fourth and fifth floors, and portions of the third, sixth, seventh, ninth and tenth floors.

Herbert A. Clark, manager since 1925 and vice-president since 1934, is in charge of Loyalty group's western department and vice-president Herman P. Winter heads America Fore's 18-state western department operations.



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No, we don't insure  
Swiss mountain climbers—but  
we do have the finest coverage  
you can get on these  
items, to name just a few:

**LONG HAUL TRUCKS • BUSES**  
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Our automatic treaties combine, on a quota share basis, American Stock Companies and Lloyds, London providing maximum strength and security. Contact any of our ten offices for quick information.

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DALLAS, TEXAS  
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DENVER, COLORADO  
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LOS ANGELES, CALIFORNIA  
2412 West 7th Street

LOUISVILLE, KENTUCKY  
444 South Third Street

OKLAHOMA CITY, OKLAHOMA  
534 Commerce Exchange Bldg.

ST. LOUIS, MISSOURI  
111 North 4th Street

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1315 Continental Bank Bldg.



## Smith Tells How N. Y. Farm Writing Was Modernized

Last July 1, schedule rating of farm property was introduced in New York, K. O. Smith, general manager of New York Fire Insurance Rating Organization, told the convention in Syracuse of New York State Assn. of Insurance Agents. The new program provided for schedule rating of farm

outbuildings, made farm dwellings eligible to class rates for private dwellings and revised the farm property forms to track with these changes. Superior farm barns were made subject to inspection and rating by the rating organization.

Although the new program was a large improvement over the three county class rate system, further improvements were desirable in several parts of the rules so the schedule and the farm committee of NYFIRO resumed its studies. The recommenda-

tions of the farm committee were adopted by the rules committee of the rating organization, and became effective March 31.

One change was refinement of the farm definition, he said. The rule effective last July required application of farm property rates to farm outbuildings even if the farming operations were incidental to a dwelling occupancy and the farm products were for the occupants' own use or consumption. The revised rule does not require application of farm pro-

perty rules when farming is incidental to a dwelling and the products are for the occupants' own use. Note that when incidental amounts are sold, he said, farm rates, rules and forms apply to the farm outbuildings.

Several important changes were made in the schedule for rating barns and outbuildings. Auxiliary buildings, previously class rated, were made subject to schedule rates regardless of size or value.

The credit in item 1 in the schedule has been increased from 5% to 10% and the qualification modified to include buildings with masonry wall only to the eaveplate. This is in recognition of the fact that many farm buildings with masonry walls may have frame gables.

Item 2 is new and applies only to buildings with credit under item 1. This is in recognition of those dairy barns with concrete floorways separating the dairy herd from the hay mow. He noted that this 5% credit applies to one story buildings with masonry walls when the floor is earthen or otherwise incombustible.

### Revised Rule Is Simpler

Item 4 was revised to recognize that many one story machine sheds and other one story farm buildings are in excess of 20 feet in height, which was a limiting factor in the previous rule. The revised rule, with the same credit, is therefore simpler in application.

The previous rule provided 15% credit for approved lightning rod protection or for all metal building construction. During the studies conducted in the field and at Cornell University, Mr. Smith observed, the farm committee found that grounding of the all metal building construction is as important as grounding of the lightning rod installation. The revised schedule makes that precaution necessary to qualify for credit under item 7.

Item 8 has been changed editorially. The previous rule provided this 20% credit but the schedule did not describe or define the term fire resistive room. The revised rule describes the fire resistive construction as a minimum of 4-inch masonry for floor, walls and ceiling. If the room is built on the ground, the floor may be earthen. The walls may be hollow masonry units and the 4-inch ceiling may be precast masonry.

Item 9 is new, he added. It provides a credit of 10% in the event that only safely arranged permanently installed gas or oil heaters, connected to an approved chimney, are used for heating purposes but are not cut off

(CONTINUED ON PAGE 27)

## ...the architecture of service

It takes more than one

column to support a roof.

Similarly, one virtue or one

talent is not adequate to serve

the diverse requirements of

today's economy.

True service is premised on the

same basic rules that govern

the endurance of architecture.

If it is to resist the action of

storm and time it must rest

securely on its pillars of

character, skill and experience.

The organizational cornerstone

of Chubb & Son was laid

in 1882. It has grown since ...

not as a rambling structure but,

rather, as an example in the

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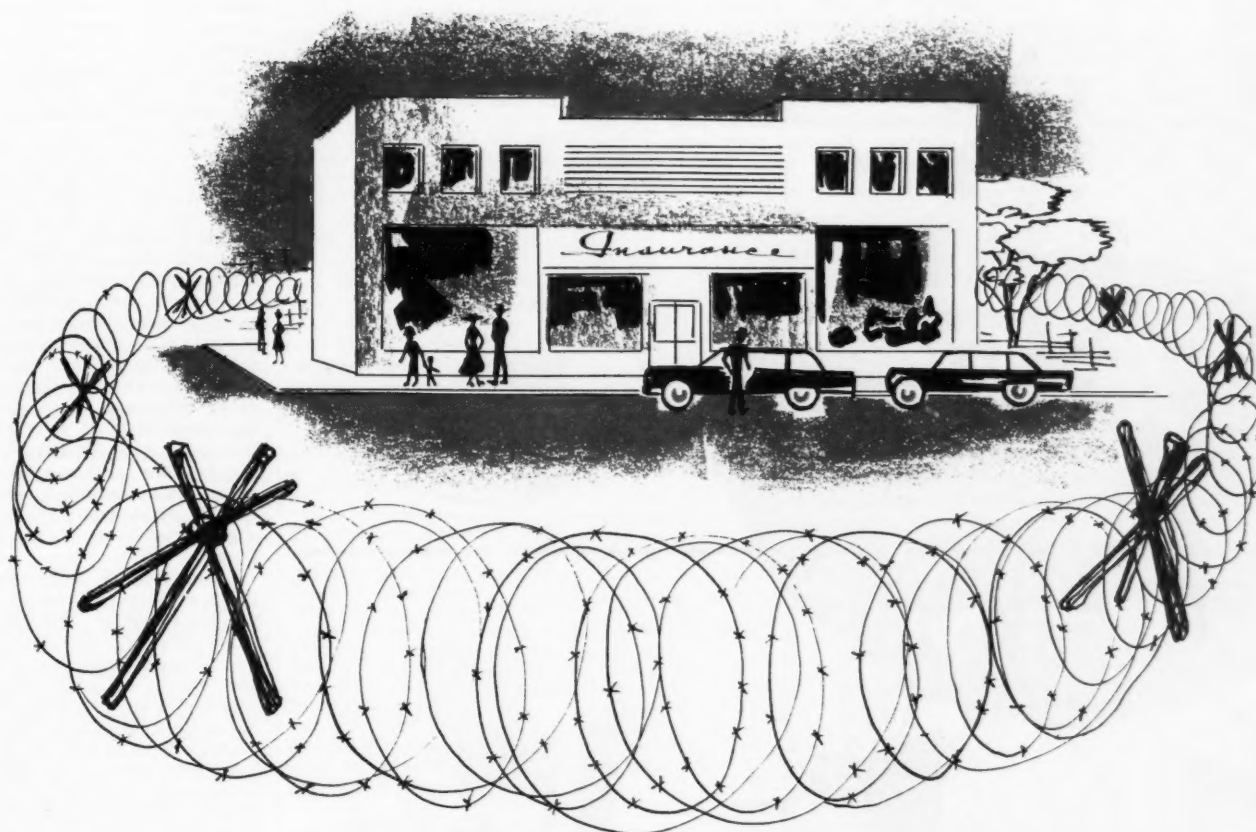
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Personal Attention for Your Problems





*If your present markets  
are fencing you in . . . try*

## ILLINOIS R. B. JONES

It's an old American saying: "Don't fence me in". Yet, today agents and brokers are beginning to feel the pinch of diminishing domestic markets. They are encountering resistance in placing many lines. These factors are making deep inroads on producers' earnings . . . requiring greater ingenuity to get and hold business.

Illinois R. B. Jones has the answer for maintaining and increasing your production level through its favorable Lloyd's connection. The first thing

you'll find is a whole new world of opportunity in excess and surplus line selling. In many cases, coverages are compatible with your regular fire and casualty lines. Add to this, the extra income you'll experience in featuring the innumerable Lloyd's inland marine, aviation and special risk coverages.

Whatever your problem, Illinois R. B. Jones is ready to help you with a complete portfolio of new ideas. Call us today or write for our booklet, "Our Inventory Is Your Opportunity".

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## Fund Names Three To New Posts At Oakland

Three appointments to the Oakland office have been made by Fireman's Fund.

Edgar H. Lion Jr. was named manager, succeeding O. D. Oliphant, recently made manager at San Francisco. Mr. Lion has been with the Fund since 1948 and has served as both field assistant and special agent in the Portland, Ore., territory. In

1953 he went to Sacramento as supervising special agent.

Bert F. Frazzini, with the Fund since 1946, was named auto and casualty field man. In 1956, he went from Denver to San Francisco as senior casualty underwriter.

**Is WC Production Engineer**

Samuel V. Rasmussen, formerly safety engineer at San Francisco, was named workmen's compensation production engineer. He has been with the Fund since 1953.

## Decentralization Is Studied At Seminars

Practices and procedures in handling centralization and decentralization problems were discussed at the seventh workshop on cost reduction and control at New York under the auspices of the research department of Assn. of Casualty & Surety Companies.

The three-day session had a record attendance of more than 200 admin-

istrators. Nine seminars limited to one representative from each company were held. One group studied the establishment of standards, with special emphasis on the role of branch and service office operations. This group also considered the special problems of supervision for both home office and branch underwriting. A. G. Middleton, New Amsterdam, and Robert Fraunheim, Chubb & Son, were seminar leaders.

The centralization vs decentralization of accounting and statistics as well as problems of coding for electronic operations were studied by a second group. F. G. Tease, North America, and J. B. Stewart, Fireman's Fund, were seminar leaders.

Seminars were conducted on personnel, office machines (non-electronic), procedures manual and reinsurance. The various aspects of personnel recruitment, training and employe relations were studied under the leadership of H. G. Parker III, Chubb & Son. Efficient practices for use of such machines as dictaphones, photostats, calculators, microfilm and adding machines were discussed by a group led by R. K. Nelson, American Fore-

Other sessions analyzed the importance of a procedures manual and its functions under the leadership of John Conneely, Royal. Another seminar studied pools, small claim items and excess vs quota share of reinsurance, with L. L. Hansell, Prudential of Great Britain as leader.

Other seminar subjects were: premium audits, purchasing procedures, and accounting and billing. Auditing procedures and methods of computing earned premiums were explored under the guidance of R. F. Stitt, Hartford Accident. The seminar on purchasing procedures discussed inventory methods and control, warehousing, supply and traffic control and was led by Leslie Meyers, Great American. The session on accounting and billing reviewed the various aspects of home office preparation versus agency preparation of accounts with Gerald Huff, Great American leading the discussion.

**National Union** has elected to its board George L. Langreth, vice-president of finance and treasurer of Blaw-Knox Co.; Kenneth C. Hewitt, vice-president of the investment division trust department Mellon National Bank & Trust Co., and Joseph G. Robinson, partner in Reed, Smith, Shaw & McClay law firm of Pittsburgh.

## A black and white line drawing of a man with a mustache, wearing a suit and tie, holding and reading a newspaper. The newspaper's masthead clearly shows the word 'TIME'. The man is looking down at the paper with a focused expression.

## THE RIGHT LINE-UP



## TO REACH TOP MANAGEMENT

Supplementing its "P.S. — Personal Service" campaign in mass-circulation *consumer* publications, Aetna Casualty again in 1958 is running special advertisements in the nation's leading *business* magazines.

Designed to tell the story of the exceptional large-risk facilities available to industrial and commercial clients of Aetna Casualty, these advertisements provide another strong sales aid for Aetna Casualty representatives.

The first 1958 advertisement, featuring the Bell Aircraft Corporation, is shown at left. Succeeding ads will cover other nationally prominent firms which insure with Aetna Casualty.

**Aetna Casualty**  
insurance protects

**BELL**  
*Aircraft*

...and thousands of  
other leading  
businesses, large  
and small

bell aircraft — one of the leading manufacturers of the aerospace industry of today and tomorrow — confidence that the loss to production and delivery of its aircraft will be kept to a minimum and that the business will continue to operate smoothly is one of the most important factors in its business planning. bell aircraft can depend on aetna casualty insurance for the most complete and best priced coverage and the most efficient and prompt service and the most comprehensive in financial protection and being business ready.

Insurance, when aetna is aetna, the Personal Service and "No-doubt" attitude from aetna Casualty's nationwide claims service office are an important factor in building and maintaining good employee and public relations.

These are but some of the reasons why aetna and aetna subsidiaries are significant factors in the business planning of leading aetna Casualty business in the United States.

aetna Casualty Insurance Co. is a member of the aetna group of companies in New York City and New York State.

**AETNA**

**AETNA CASUALTY  
AND SURETY COMPANY**

affiliated with the New York Companies / Insured by New York Companies / Member of Aetna

**P.S.**

SEE YOUR AETNA CASUALTY AGENT OR YOUR BROKER FOR THE BEST IN BUSINESS INSURANCE COVERAGE

**ÆTNA CASUALTY**  
AND SURETY COMPANY

Affiliated with AETNA LIFE INSURANCE COMPANY • STANDARD FIRE INSURANCE COMPANY  
Hartford 15, Connecticut



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Building  
is our  
Business**

**FLORIDA  
FIRE UNDERWRITER  
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## CPCUs Gather With University Teachers

Faculty representatives from two Cincinnati universities and nearby Miami University told Cincinnati chapter of CPCU about the place of insurance courses in their respective institutions. The occasion was the annual meeting of the chapter at which N. S. Tiffany was elected to the presidency. The educators included J. S. Pillion, professor of finance Miami University, Oxford; R. S. Glos, dean of the school of business administration at Miami, F. R. Neuffer, dean of the evening college University of Cincinnati, and J. F. Martin, professor of business research Xavier University.

Mr. Tiffany, vice-president of the H. P. Sweeney agency, has been active in CPCU affairs both locally and nationally. He was chairman of the national convention in Cincinnati in 1956. The new vice-president of the chapter is J. R. Trainer. C. M. Yelton and G. S. Proctor, treasurer and secretary respectively, were reelected. To serve on the board of directors, the chapter elected R. E. Fey, Ward Tuten and K. T. Watson.

### Cites Misconceived Notions

S. G. Peterson, Hardware Dealers Mutual, immediate past-president of the chapter, would have been reelected in the normal order of succession. However, Mr. Peterson has been promoted to New England manager with headquarters at Boston.

Mr. Pillion said two misconceived notions discourage college students from investigating insurance careers. Most think of insurance only as selling and many, especially during the college years, do not have any interest in a selling career. Some also have the impression that the insurance business does not want younger people.

Both Mr. Pillion and Dean Glos stressed that insurance courses have to be primarily "consumer" oriented. Specialized training is left to the insurance companies and organizations and is generally well handled. However, Miami University is interested in offering its resources to business for special conferences, institutes, seminars, etc.

### Is Interested In Cooperating

Mr. Martin said Xavier University is also interested in cooperating with business in special ways. Also, some students are spending one or two summers in insurance company home offices under arrangements made by the university with company officials.

Dean Neuffer explained that the evening college role is different. There, some specialized training is carried on. In insurance, four courses cover fire and allied lines, inland marine, miscellaneous casualty and general liability and automobile. Instructors are drawn from among insurance men and most students are from the business too.

### Douglas County (Ore.) Assn. Elects

Leonard Dyer, Myrtle Creek, has been named president of Douglas County (Ore.) Assn. of Insurance Agents, succeeding Victor D. Lewis. Richard DeBarnardi of Roseburg has been elected vice-president and Gene Foley of Roseburg, secretary-treasurer.

George R. Plaster and N. A. Drager have been elected assistant secretaries of Great Northern of Minneapolis. Mr. Plaster is in charge of underwriting and Mr. Drager of agency supervision.

## Tells How Agents Can Help Auto Results

The William A. Marbury & Co. general agency of New Orleans has written its agents a letter requesting their cooperation in improving experience on automobile lines. The letter points out that the agents must recognize and accept their responsibility in underwriting.

It requests that the agents apply the following principles in producing business in the categories acceptable to the Marbury companies:

1. Know your risk. Investigate those you don't know when they apply to you for insurance.

2. When you submit a risk to us give us all the information about insured.

3. When submitting a risk to us consider it as carrying your unqualified personal recommendation.

## Bill Proposes U. S. Cover For Nuclear Contractors

A Defense Department proposal to provide government excess insurance to contractors on such hazardous projects as nuclear energy plants, missiles and special propellants has been introduced in the House.

The proposed coverage would be for property damage and third party liability and would be excess indemnity over commercial insurance up to \$500 million. Contractors are unwilling to undertake projects in the nuclear and missile fields unless such protection is available, according to the Defense Department.

## Reject Fla. Rate Probe

Florida legislative council has rejected a proposal for an investigation of the insurance department's rate-setting powers, and instead voted to direct its public safety committee to study traffic problems which result in increased insurance rates.

The probe proposal followed a Dade county grand jury recommendation. It called for a special committee to determine whether the now-combined offices of state insurance commissioner and state treasurer should be separated and recommended inquiry into the need for new legislation requiring public hearings on all applications for rate increases and a study of insurance laws in other states.



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## COMMENTS

## TRENDS

## OBSERVATIONS

# Agents, Insurers Will Have To Do More Merchandising In Days Ahead

(From a discussion of merchandising, at Eastern Agents Conference in Atlantic City.)

Merchandising?

What merchandising?

Most of the merchandising trends of recent months have been going quite rapidly in the other direction.

Yet in spite of the fact that on many lines today insurance companies tend to de-merchandise rather than the reverse, and in spite of the peculiarities of fire and casualty merchandising at all times, a few merchandising trends continue to be pronounced and significant.

First, what is peculiar about merchandising in fire and casualty insurance?

At certain times when companies are maintaining a tough underwriting policy, agents have an excuse not to sell. At other times companies become premium minded, so agents have an excuse not to underwrite.

Consequently, a few agents do neither.

## They Get Into Trouble

But can an agent ever stop selling and underwriting at the same time, any more than a company can? The minute insurers overemphasize one at the expense of the other they get into trouble—and so do agents. When companies fail and agents fail to sell, competitors come in and take business away from them. The minute companies fail and agents fail to underwrite, the loss ratio rises, the company

loses money, and underwriting becomes more restrictive.

One difficulty about merchandising through the multi-company agency system is that a considerable part of this agency force, by numbers, is not equipped or disposed to merchandise.

Is this the company's fault for appointing poor or part time agents? Perhaps. But it seems likely that companies would appoint only good agents if they could find enough. Certainly an insurer would like to be in the best agency or the three best agencies in town—and is in them, if possible.

What has all this to do with merchandising?

This, that the agent company has to construct and conduct any merchandising program with its whole agency force. If a considerable number of its agents are not responsive or only partially so to a merchandising program, the insurer is—or at least has been—disinclined to do what can be described as hard sell, big time, impact merchandising. However, this situation already is changing. Even under today's circumstances, some agency insurers are beginning to step up their merchandising efforts. This is bound to increase in the days ahead. One result will be for these companies to look to their agents for more merchandising.

Today, agents still seem to have an option whether to merchandise hardy at all or merchandise a lot. In the future they may have to merchandise a great deal in order to survive. Since he is independent, the company can't

tell the agent how, what and when to sell. The agent decides for himself. But his decision determines his success. Also, if a company wants or needs certain kinds of business, and one agent won't produce it, the company will go to another agent.

But even today there is no business man who is tougher, more durable, more ingenious, and more worth his salt than the capable, energetic local, independent agent. If the poor one is a pretty measly bird and easy to pry—or blow—off his perch, the good one deserves all he gets and carries the agency system on his back.

## Company Average Was Worse

For example, one agent has a pretty good sized office in a locality that is as bad as any so far as automobile business is concerned. In recent months he has had to cancel one-third of his private passenger cars—and automobile business, most of it private passenger cars, made up almost 50% of his volume. His commissions have been reduced on the auto business he has left. His loss ratio was company average for each of the three or four companies in which he placed auto business. And if this doesn't sound very good, it should be said that the company average in his locality was much worse than company average country over.

Yet in one recent month this agent had the largest month in his history, 20% above the same month in 1957. Why?

He went out to get some new business—and he got it. How? One example will be enough to tell how. He had a lead on a commercial risk. The producer on it had had it 20 years. The premiums ran \$30,000 a year. A lot of this was fire. The company had half a dozen locations. There were about 100 fire policies. Some of them had extended coverage and some did not, even at the same location. The vandalism and malicious mischief coverage was in approximately the same state of being on again, off again.

Though the company had between 200 and 300 employees, almost any one of whom might be asked to use his own automobile to do company errands, there was no non-ownership protection.

The liability limits for both the general and automobile hazards were low, and the property damage liability limits were woefully inadequate—\$5,000 on trucks, for example. There was no property damage liability protection on general liability. The firm was worth millions.

After the agent spent 4½ hours with insured, he didn't need to do any selling. Premiums now run about \$35,000 a year. Insured is very happy.

Merchandising? All at once agents find they have to merchandise them-

selves, their operation, and the business they have—to their companies.

They stand between the companies and insured and get the brunt when there is trouble on either side. But isn't this inevitable? Isn't this exactly where the agent places himself, between company and insured, and, if he is worth his commission, does substantial justice to both? When his insured needs help, he is there to provide it; when his companies are in trouble, he is there to share it—and brother is he sharing it.

The only thing that is astonishing in the present situation is that many agents seem astonished that they have to share the company's troubles. Would it be possible for the agency system to exist without that as an inbuilt reality?

Agents are the go-between, the entrepreneur, the local applicator.

It can reasonably be said that the local, independent agent in effect merchandises companies, and the agent who represents companies for commission, for instance or just for the hell of it, delivers a product to his clients inferior to that of the agent who tests his insurers against good, solid standards.

For example, there is more independence today than ever before, even among "conference" companies.

## Significant In Several Ways

How is this significant to the agent? In several ways. Here is a large competitive, active company that is independent, that sets out on a course of its own. It positively welcomes others going in the same direction. Another large group filing independently begins to file the same variety of dwelling package, at the same discounted rate. They begin to follow each other's lead in other respects. They exchange statistics and forms. Smaller companies go along. Pretty soon you have half a billion dollars of premiums represented by this

## Hayward, Cal., Wins U. S. Chamber Fire Safety Contest

Hayward, Cal., was presented the grand award of the 1957 inter-chamber fire safety contest sponsored by the U. S. Chamber of Commerce. This is the city that had the highest score without regard to population on its fire loss record for the year as compared with the preceding five years and the activities to improve fire prevention services and fire protection facilities.

The contest has been conducted for 35 years and is judged by a panel of fire prevention experts.

Winners by classes according to population were: Class 1 (over 500,000) Philadelphia; Class 2 (250,000-500,000), Dayton; Class 3 (100,000-250,000), Hartford; Class 4 (50,000-100,000), Cedar Rapids; Class 5 (20,000-50,000), Oshkosh, and Class 6 (under 20,000), West Milwaukee.



Julius Wikler, left, New York superintendent, and Arthur F. Lamanda, first deputy, are shown at the New York offices of the department during visitors' week. They are explaining photographs showing department examiners at work. The occasion was the 75th anniversary of the inauguration of the merit system in New York State employment. Attendance was heavy. A large number of executives and employees of insurance companies, brokers and agents, as well as the lay public, called upon the department and expressed interest in its operations as well as in the role played by the civil service worker in the day to day activities of the state government.





Shown at the annual convention of the New York State Assn. of Insurance Agents at Syracuse are, from the left, Mrs. Alma P. Sherman, Schenectady, regional vice-president; Harry F. Inglis, president of the Troy board which won the membership trophy and the outstanding local board president's trophy; Don Fazioli, a director of the association

from Troy; retiring president Craig Thorn Jr. of Hudson, and Herbert S. Brewer of Lockport, the incoming president. Mrs. Sherman was presented a special award for her successful work as chairman of the membership committee. Mrs. Sherman was the first woman director of the association and is now the first woman to serve on the executive committee.

sphere of influence in the fire and casualty business.

This is already happening. There also are developing a few orbits among "conference" companies. There is every indication that this development will grow, and that you may have two or more orbits or spheres of influence here.

If the local agent doesn't have a company in more than one orbit, how can he compete? This seems necessary if you are (1) to continue your traditional independence, (2) have capacity enough, and (3) have new things before your competitors do—or at the same time.

#### There Is One Basic Standard

How can you judge a company? There is one basic standard. The companies that do the best job at insurance do the best job for their agents and for their insured.

Two merchandising trends that are apt to persist are packaging and the sale of life by local agents.

Packaging is a modern merchandising device, one of the few the insurance business has developed, and in spite of what are described as mistakes, such as over-extension, too low rate, etc., the package is here to stay.

For packaging is not merely an artificial device which the company develops to compete—to take business away from other companies by "attraction." It is also a combination of coverages for insured's needs, and insureds like it.

In the commercial field the commercial property policy can hardly be described as self-propelled. But

here, as in the dwelling field, combining, packaging and agglomerating will continue until the problems of developing a really merchandisable product have been overcome. If not, the inland marine underwriters are likely to reassert their sovereignty over this area.

One insurer which writes the merchant's property policy as its version of the commercial property form now has inserted in the coverage business interruption, either on a gross earnings or per diem basis. This has been approved in New Jersey and several other states. The company is having exceptionally good results in the sale of the enlarged package.

While the business interruption coverage is contained in the contract, it is optional and not mandatory. However, if insured does not want the business interruption, the coverage has to be eliminated by positive action on the part of the agent and insured.

The amounts of coverage for business interruption are related to the amount of basic fire and extended coverage without option.

#### Must Have Enough BI

This means that in relation to the basic values in the property, insured will have enough business interruption protection. To a considerable degree, this eliminates a lot of the possibility of insured getting himself into trouble by buying too little business interruption.

Homeowners is to be succeeded by a new personal package. But homeowners, which has been regarded with so much favor by companies and

(CONTINUED ON PAGE 35)



## GROWING IS SUCH A HUMAN THING

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INSURANCE ADJUSTERS

## Agents Face Tough All Lines Selling Practices Are Advertising Battle Explained At Alabama Agents Rally With Direct Writer

### Fantastically Tough Job To Convince Buyers Of Differences Between Agents

George Garner Jr., Granda, Miss., agent, told Alabama Assn. of Insurance Agents at its annual convention in Birmingham that the agency system currently is losing what may be a life and death battle to the direct writers. The battle is being fought largely in the field of advertising. Mr. Garner, winner of Insurance Advertising Conference award, illustrated his point by reference to a recent State Farm ad in *Life* which listed several cities and towns in practically every state, showing the range of savings possible to policyholders by switching to that company.

### Average Man Sees Little Difference

He said the average citizen sees no difference between direct writers and agency insurance, and he is very likely to be attracted to cheaper sources.

"In the face of this kind of advertising we have a fantastically difficult job to convince the average prospect that there actually is a difference in insurance policies and that he would be better off paying our higher costs," Mr. Garner declared.

He pointed out that some of the

(CONTINUED ON PAGE 17)

In a talk on all lines underwriting at the annual convention of Alabama Assn. of Insurance Agents, Donald E. Hanson, vice-president Aetna Life, said that the \$156 million of life insurance paid for by the group's casualty agents last year was \$21 million more than the total paid for by all Aetna Life and Aetna Casualty agents 15 years ago.

Albert H. Wohlers, vice-president and A&S manager of Youngberg-Carlson Co., Chicago general agency, stated that writing of A&S was the job of the general insurance man.

Mr. Hanson explained that the majority of Aetna Casualty agents are writing life and need help from the life general agent or supervisor in doing so. Those not writing life either have no interest in it or feel they can better serve their clients by specializing in property coverages.

He said the majority of Aetna Life agents write general lines and also require specialized help. There are two types of life agents who do not write these lines. They are: (1) The new life agent being financed by his general agent who directs him to seek the larger first year commissions from life and group sales to justify financing; and (2) the career life agent who operates principally in the advanced field of estate analysis, pension trust, and business life as well as in simple programming and group sales.

The agent, not the company, largely determines what lines he will write, Mr. Hanson said.

"Our life general agent has to fur-

nish his own services or those of a well trained, competent supervisor to secure life business from our casualty agent because the latter is not willing to introduce just anyone to clients he has worked years to establish and he doesn't have time to learn all the ramifications of the life business himself. In the same way our life agent leans heavily on our casualty branch manager or general agent and their associates for assistance in writing the more complicated and more profitable general lines. That is a problem any company going into all lines must weigh," Mr. Hanson explained.

### 108 Groups Have Life Companies

He noted that there are 108 company groups that include a life company of which 30 are controlled by credit or finance interests and confine their underwriting to insurance on the lives and property of installment borrowers.

Mr. Wohlers stated the general insurance agent today has "to write business that is profitable to the insurance company or we can't stay in business." He said he never heard of a company in the A&S business that didn't want to write more of that line.

Mr. Wohlers pointed out that the general agent had to acknowledge that A&S premium writings of \$3.2 billions in 1956 represented "big business"—so big that the writings of all other lines, excluding automobile, life and fire, were equal to less than two-thirds of the A&S premiums.

## Alabama Annual Votes Down Mixed Agency Proposal

### Scores Contract Alteration Without Agent Approval, Elects Ashley President

BIRMINGHAM—Registration at the annual convention here of Alabama Assn. of Insurance Agents reached 440, one of the largest in its history, and more than 500 attended the banquet.

The association in executive session voted down a committee recommendation that the constitution and by-laws be amended to permit membership by agencies that represent both stock and mutual insurers, subject to local board option. The association's membership continues to be confined to agents exclusively representing stock companies. The mixed agency proposal has been made for several years and each time has been disproved by the members.

### Condemns Alterations

In one resolution, the association condemned insurer alteration of the terms of an agency contract without full discussion and agreement of the proposed changes with the interested agent. In another, it urged full support of the NAIA advertising campaign.

An unusual resolution expressed appreciation of the agents for the large attendance of company representa-

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tives at the convention and their support of the meeting.

Wiley R. Ashley of Montgomery was elected president to succeed L. J. Thomas Jr., of Dothan. Other officers elected are Robert W. Poellnitz of Tuscaloosa and Joe E. Cooper of Huntsville, vice-presidents, and John P. Wilson Jr., of Mobile, state national director. Hayes L. Kennedy continues as executive secretary. Steven Croom, J. R. Utsey, Quay Fortner, John Vesant, J. P. Watson, James A. Breland, George P. Cooper, G. L. Byars, Harlan Meredith, G. L. Tate, James Upchurch Jr., and Paul Darden Jr., were elected directors.

At the annual banquet, George W. Skipper of Jackson was presented the "Insuror of the Year" cup by W. D. Demouy of Mobile, past president and past winner of the cup. Mr. Skipper was chairman of the legislative committee the past year during which the association succeeded in its 20-year effort to get an agent's qualification bill. Also, the agents were successful in defeating the compulsory auto legislation. The cup is donated by Cherokee Ins. Co. A cocktail party, sponsored by Birmingham F&C, preceded the banquet. Charles L. Gandy of Birmingham, past president of the association and of NAIA, installed the new officers. A cocktail party the previous evening was given by American Liberty.

In his talk on trends and their impact on agency operations, Dr. Kenneth Black Jr., chairman of the insurance department of Georgia State College, said that in terms of economical and efficient agency operation, there are three specific areas for investigation: Flat cancellations, agent balances, and the number of companies represented by an agency.

All the "beefing and bawling from both agents and companies over the inroads of competition" could be changed to "pleasantries and plaudits if we put salesmanship up in front," Earl C. Trefry, assistant manager of Employers Liability southern depart-

ment said in his talk.

The Past President's dinner was revived this year after a hiatus of 10 years, and proved one of the highlights of the convention. Wilbur A. Allen of Birmingham, past president, presided, and Superintendent James H. Horn and Maurice G. Herndon, NAIA Washington representative, were special guests. The late T. Anglin White of Birmingham was especially honored. Among the 13 past presidents on hand were H. G. Seibels of Birmingham, who was president in 1915. Bankers Fire & Marine and A. F. Irby & Co., general agency of Atlanta sponsored the dinner.

In addition to the speeches, one of the features of the program was a skit entitled "Field Men At Work," satirizing some of the field men well-known in Alabama. In former years, the field men have lampooned the agents, and this was the agent's turn. Agent participants were W. W. Grant Jr., Thomas Jacobs and D. W. Blair, all of Birmingham.

### Agents Face Tough Advertising Battle With Direct Writer

(CONTINUED FROM PAGE 16)

faults ascribed to direct writers to those which have agents calling on prospects and said they are probably more diligent in making calls than the average local agent.

"Many direct writer agents are available 24 hours a day, and a claim report form and instructions on how to get prompt service usually accompany their policies. Many people who have had losses have been completely satisfied with their settlement." Mr. Garner concluded that different arguments will have to be advanced to out-sell so-called captive agents.

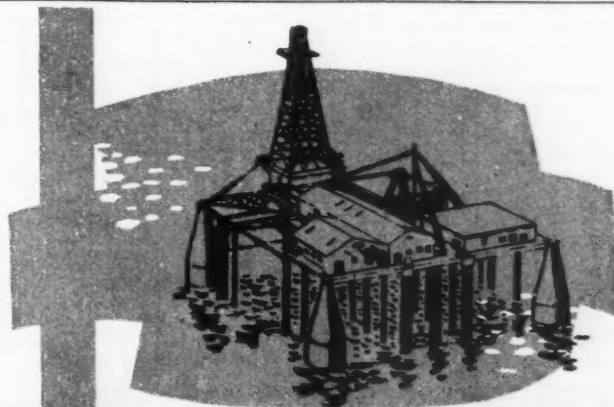
He described the NAIA Big I campaign as a stride in the right direction, and said the time has come "for the companies to declare themselves in, for if our boat sinks so does theirs. I therefore propose to the

presidents of agency companies that they invest some hard cash on a strictly no-strings attached basis in the Big I campaign."

He questioned whether company advertising budgets would not be more effectively used in this way than in their own national advertising. The latter, though excellent, fails to direct prospects to the point of purchase for the particular company involved due to lack of local tie-in. He also noted the need for similar tie-in ads in connection with the NAIA campaign in order to bring prospects to specific agencies.

"I would rather have no company stationery, write all my own policies and even possibly take a slightly lower commission—if I could get the money from my companies to invest in local radio and newspaper advertising in my town," he declared.

He called for a plan for companies to contribute to the advertising programs of agents, possibly on the basis of premium volume each company has received for the last three years in a particular agency. He emphasized that there is no substitute for personal solicitation, but advertising will help make the job easier.



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of NEW YORK

## Paul Jack Joins Wolverine Group

Paul Jack has joined Wolverine and Federal Life & Casualty as head of the general administrative department in the home office.

Mr. Jack has been in insurance since 1927, beginning with Farmers Auto of Pekin, Ill., the first farm bureau insurer in the U. S., and was secretary and general manager when he left to organize a new insurer, State Teachers Association, at Springfield, Ill. Later he was with Keystone

Auto Club at Philadelphia as secretary and general manager, and in 1950 he went with Vernon Casualty as vice-president and general manager.

## N. J. Increases WC Rates

Compensation Rating & Inspection Bureau of New Jersey has increased workmen's compensation and employers liability rates on new and renewal business, effective July 1, with department approval. The collectible level of rates is increased 3.9%, and the manual rate change is an increase of 6.2%.

## Survey Shows Favorable Opinion Of Health Cover

(CONTINUED FROM PAGE 6)

terms of dollars or number of days, and 14% suggested lower premium costs. The responses were found to vary little by type of insuring organization.

"It would seem to be significant," Mr. Hermalin stated, "that the most frequently made suggestion expressed a desire for more information rather than a concern about prices, benefits,

services, cancellation, claim service and the like. It indicates again the generally favorable feeling people have toward health insurance."

Mr. Hermalin said the survey indicates that the public does not perceive any essential difference between the health insurance provided by insurance companies and that offered by Blue Cross-Blue Shield plans. This is suggested, he added, by the fact that families who have Blue Cross-Blue Shield coverage, and those with insurance company policies, "tend to regard health insurance in almost identical ways."

"This means," he explained, "that they are equally favorable toward health insurance, they have suggestions to make with about the same frequency, their suggestions are similar, they are equally informed about health insurance, and so on."

Turning to the extent of coverage, Mr. Hermalin reported that survey figures are consistent with previously published data showing that nearly three out of four American families have some form of health insurance. In 73% of all families, there is some health insurance coverage and in 60% of all families every family member is protected. In 27% of families, no one is insured, the survey points out. It further reveals that men, women and children are covered with virtually the same frequency, with 69% of the men insured, 67% of the women and 66% of the children under eighteen so protected.

In the selection of families to be interviewed, the survey, conducted for the Health Insurance Institute by National Analysts of Philadelphia, followed a method similar to that used by the U. S. Bureau of the Census in its sample interview surveys. The Institute study required approximately eight months to complete, with each interview lasting about one and one-quarter hours.

## Tuohey Named By Travelers

Luke F. Tuohey has been appointed claim manager at the Hartford branch office of Travelers. He succeeds Russell N. Lewis who has retired after more than 37 years with the company.

Mr. Tuohey joined Travelers in 1921. In 1928, he went to Charlotte, N. C., and the following year transferred to Hartford. He was promoted to supervising adjuster there in 1939, and became claim manager at New Haven in 1943.

Mr. Lewis was with Travelers since 1920. In 1922 he went to Milwaukee as supervising adjuster. He was promoted to claim manager at Louisville in 1932 and went to Charlotte in that capacity in 1936. He has been claim manager at the Hartford branch since 1946.



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## Stop Hurrying, Plan Moves, Jainsen Tells Texas Agents

In spite of America's mass market, increased purchasing power and high business activity, the stock casualty insurers "are not getting their share of the new market," President Wilson C. Jainsen of Hartford Accident told the annual convention of Texas Assn. of Insurance Agents at Houston. Mr. Jainsen said the business does not have the problems of obsolescence except in its thinking and the greatest problem is the merchandising of a good product.



Wilson C. Jainsen

"We must," he asserted, "try to reduce the hurried improvising which has been characteristic of our business recently and substitute well-considered plans."

Mr. Jainsen called for the creation of a research medium owned, controlled and paid for by the companies. He said that deterioration of company-agency relations is due to two fundamental facts: The casualty companies are not retail merchandisers because they have not been in that end of the business; and proper methods of communication and ideas between the agency forces and the companies simply do not exist.

Emphasizing that good research is virtually indispensable to a good public relations campaign, he said it should not be an emergency plan but a program of continuing action.

Mr. Jainsen said it would be of utmost importance to keep agents fully informed of all the findings of such a research organization because subse-

## Neal Sees A&S Business Under Even More Pressures, State And Federal, In Days Ahead

The A&S insurance business will have to contend with increased pressures, both state and federal, in the days ahead. Health Insurance Assn. members were told by their general manager, Robert R. Neal, in his annual report. Addressing the HIA meeting in Chicago, Mr. Neal said events are building toward a possible review of the McCarran act by Congress.

"Judicial considerations, investigations and hearings by congressional committees into various phases of insurance and examination of the effectiveness of state regulation appear to be forthcoming," he declared. "There is evidence that the industry in all of its branches may again be surveyed in an all-embracing inquiry not unlike the study undertaken by the Temporary National Economic Committee in the 1930s."

### Has Not Been Presented

The case stating the accomplishments of state regulation has not yet been presented, he pointed out. The facts have to be gathered and Congress made aware of what has been done. "No claim is made that state regulation is now or ever will be a perfect system," Mr. Neal commented, but "a dual system is completely undesirable, in our view, lest the insurance industry be the rope of a federal vs state tug of war."

He said the business is approaching "at a rapid rate" the test of whether it can prove "beyond doubt" that the voluntary system can expand to in-

clude and continue more persons, "and thus remove those pressures for unnecessary and unwise legislation which continue to exist."

The test, he declared, lies in the solution to problems in the areas of providing and continuing coverage for physically impaired risks; of providing hospital and medical expense coverage after retirement, and of determining a satisfactory and generally acceptable solution to the continuance of coverage.

### A&S Legislation Detailed

Mr. Neal's report contained a detailed resume of legislation and pending legislation affecting the A&S business, both state and federal. He said of primary interest to insurers are plans to expand the OASI program to provide hospital, medical, surgical, dental and nursing home care to recipients and their dependents. The HIA position is that it opposes the idea of utilizing OASI as a means of providing hospital, medical etc. care. "and urges that no legislative action be taken, but that instead studies be made to determine facts and figures which would lead to a better understanding of the degree to which older persons experience difficulty in paying for medical and hospital care. . . and to explore other approaches, either private or public. . . which might more adequately provide, with the least cost, a solution to the problem limited to those aged who actually need help in paying for medical, hospital and surgical care."

search should deal with the problem behind the statistics.

"If we are willing to get out of present dead center," Mr. Jainsen concluded, "I believe that when our missile men are in outer space, agents will still be selling the majority of casualty insurance."

## Navarre Holds State Regulation Has Kept Competition Thriving

Joseph A. Navarre of Michigan, president of National Assn. of Insurance Commissioners, told the spring insurance conference of American Management Assn. at New York that while investigations are welcome and necessary from time to time in both state and federal government, the one thing that seems to spark them in insurance matters is increased rates.

"This is natural enough, for when rates climb, the question of legitimate profit arises and legislators want to know if the public is being gouged, and if so, what can be done about it. Unfortunately we have come to attach a stigma to investigations," he declared.

He said he did not entertain the belief that the states have achieved perfection in regulation. "There are a few states which have not modernized their insurance laws and some where free competition as to rates, rules and forms has not yet eventuated, but these facts do not mean that state regulation has been a failure. A system of regulation which has been working by and large most satisfactorily should not be swept away merely because of isolated instances of less than 100% performance," he asserted.

### Pressures Not Eliminated

He said pressures for enforced uniformity were by no means eliminated by the passage of public law 15. Mistakes have been made, as they must be in such a complicated field. The important thing is that where mistakes were made, other states could observe their effect and profit thereby.

"Blunders cannot be swept under the rug or disguised as sterling

(CONTINUED ON PAGE 30)



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## Editorial Comment

### An All-American Agency Boy

"Many a flower is born to blush unseen" the poet has said, and it is certainly true in the insurance business today. Never have so many had so little good to say about so many others. That is a hardship on the deserving. One of them is the typical state association secretary who plows through a job that would frustrate Hercules and does it for the most part unwept, unhonored and unsung.

This unique individual is charged with immense tasks of unending detail in behalf of many employers with individual ideas. No state secretary needed the NAIA ad campaign to convince him that agents are "independent." He has seen the Big "I" in action for years. He must adjust to this situation and to the fact that he has a new set of direct bosses, the elected officers of the association, every year. To work harmoniously in this atmosphere he must above all else be a diplomat.

He is much more. He is a master of logistics in the class of a military leader. He commandeers hotel accommodations for conventions, and deploys his members in quarters he hopes are pleasing to all. He makes sure that company suites are swept with ocean breezes or overlook the lake or enjoy whatever other advantages of nature are peculiar to the convention locale.

He is a minor Oscar of the Waldorf, for breakfasts, luncheons, receptions and banquets must be arranged with maitres, and all the niceties, including the grace notes for ladies, attended to.

And then there is the convention program itself. Speakers must be lured onto platforms and there must be variety in their discourses. Unfailingly, the secretary-talent scout produces them but still cannot rest, for he must attend sessions and listen to orations by his recruits until his ears are verbally cauliflowered.

He is also a shepherd and a sheep dog combined, imploring and nipping his charges into business sessions and recording the proceedings.

All of the above comes under the head of what is thought to be the more pleasant aspects of the job. Surely no secretary has escaped the mistakenly envious hotel lobby button-holer who blurts, "Boy what a racket you've got, getting to all these conventions and stuff!"

But what of his life between conventions? He is a reporter and editor who must produce a journal for his association and often does so with considerable skill in both roles. He is a salesman of advertising to help carry the cost of his publication, and he must deal with printers on layout and production problems. And he has to supervise maintenance of the mailing list for this as well as other purposes.

Meanwhile he must watch legislative developments in his state carefully and often find the time to visit the state capital.

And then he may be off on a membership drive, or a local board development campaign throughout the state,

where he is an evangelist selling the virtues of the association. He must produce results and he does.

Meanwhile, back at home there is an office to be run and a staff to be supervised. On arrival he puts on his combination executive-personnel-accountant costume with office boy accessories and discharges these duties.

There is much more to his work but it would be exhausting to describe much less perform. He makes the proverbial one-armed paper hanger look like a Mexican slumped under his sombrero in the sun.

Undoubtedly he has his faults, and we can trust the many who concentrate on the negative to ferret them out. But we are satisfied that the secretary, working with the hard core of faithful agents who sustain every state association, has done as much as any individual to maintain, to promote, and to expand the American agency system. If he can find time, he is entitled to take a bow.—John N. Cosgrove.

## Personals

**Roland H. Lange**, vice-president of Hartford Fire, who has been elected to the newly created office of assistant to the president, joined the company's western department staff in



Roland H. Lange



Harry K. Haag

1930 and served in various underwriting capacities in the field in Kansas, Illinois and Michigan. He went to the home office in 1950, was elected secretary in 1951, vice-president and secretary in 1953, and vice-president in 1954. He has assisted in general administrative functions and liaison work with the company's staff throughout the country. Mr. Lange currently is serving his second term on Multi-Peril Insurance Conference's executive committee, public relations committee chairman of National Board, a director of University of Connecticut's college of insurance, and a member of the executive committee of Factory Insurance Association.

**Harry K. Haag**, who was elected vice-president of Hartford Fire and Hartford Accident, joined Hartford Fire's southern department in 1943, serving as office manager and chief account. He transferred to the home office in 1952 as staff assistant, was elected assistant secretary in 1953, secretary in 1954, and in 1957 became a secretary also of Hartford Accident. He succeeds Joseph Broucek, vice-president and comptroller, who is retiring after 38 years with Hartford

Accident. He was elected vice-president in 1946. He has been invited to remain with the group as a consultant.

**Ray Murphy**, general counsel of Assn. of Casualty & Surety Companies, received a hand illuminated scroll as a testimonial for distinguished service to the industry from members at the association's annual meeting. Presentation was made by Clarke Smith, Royal-Globe, retiring president of the association.

**Jack R. Wolford**, deputy commissioner in charge of the company and agency division of the Kentucky department, underwent major surgery at Good Samaritan hospital, Lexington, May 13. The operation was successful, but his recuperation will be of some duration.

**R. D. Batjer**, whose election as president of National Assn. of Independent Insurance Adjusters was reported in a previous issue, began in adjusting in 1933 at Abilene, Tex. He started his own independent adjusting business in 1944 at Abilene, with branch offices now established and in complete operation in Hobbs, N. M.; Big Spring, Brownwood, Midland, Odessa and Pecos, Tex. Mr. Batjer's organization was admitted to membership in NAIA in 1945. Mr. Batjer, who has served on various committees of the association, was southwestern regional vice-president 1955-56 and association vice-president 1957-58.



R. D. Batjer

**Victor O. Schinnerer**, Washington, D. C., agent, and a past president of D. C. Assn. of Insurance Agents, has been elected president of Washington Board of Trade. He has been chairman of its insurance committee, among other assignments.

President **Robert Kissell** of Republic Indemnity has been named to the Public Utilities commission of Los Angeles by Mayor Norris Poulson.

**Samuel J. Plumeri**, Trenton, N. J., agent and city commissioner, was honored at a testimonial dinner to mark his election to the board of Security National Bank.

**Samuel Levin**, the well known Chicago insurance attorney, has been named chairman of the Bar of the Seventh Federal Circuit, an organization of lawyers admitted to practice in Wisconsin, Illinois and Indiana, which meets annually with the federal judges.

**Clarke J. Munn**, retired manager of Cook County Loss Adjustment Bureau, was given an informal luncheon at Hinsdale last week by four of his former employees—W. C. Hillman of Krause & Hillman; E. W. Gielow of Phoenix of Hartford; R. J. Krokin Jr., Wagner & Glidden, and Martin J. Powers of Frank L. Erion & Co. W. J. Feiler of Feiler, Deuss & Co. also was on hand.

**Thomas N. Boate**, manager of the accident prevention department of Assn. of Casualty & Surety Companies, has been appointed chairman of the statewide citizens council of traffic safety by Gov. Harriman. Mr.

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**CINCINNATI 2, OHIO**—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

**CLEVELAND 14, OHIO**—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3399. Paul Blesi, Resident Manager.

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Boate has had more than 34 years experience in safety work, and has served as acting chairman of the citizens group since its organization in December, 1957. The council is composed of 100 state residents appointed by the governor.

**Richard C. Clarke Jr.**, Hendersonville, N. C., agent, has been nominated by the state Republican executive committee as a candidate for the U. S. Senate.

**A. J. Glickson**, head of the Chicago agency bearing his name, has been reelected a director of the Covenant Club of Chicago for another two-year period.

## Deaths

**LYMAN A. McINTYRE JR.**, 50, vice-president Springfield F.&M. group,

died suddenly of a heart attack while on a business trip to the southern branch in Atlanta. In 1957 he was elected vice-president and transferred from Chicago to the home office where he supervised departmental offices at Springfield, Chicago, San Francisco and Toronto. He joined the companies in Chicago in 1926 as a clerk. He served as special agent in Minnesota and as assistant superintendent of the improved risk department at Chicago. He was elected resident assistant secretary there in 1946, resident secretary in 1948 and resident assistant vice-president in 1955. He had served as chairman of the public relations committee of Western Underwriters Assn. and chairman of Western Conference of Special Risk Underwriters.



L. A. McIntyre Jr.

**L. G. STEWART**, 53, retired Chicago agent, formerly president of the agency bearing his name there, died at Orlando, Fla.

**OTTO TRINKLEIN**, 64, president of Frankenmuth Mutual, died at the home of a daughter in Frankenmuth, Mich. He had been mayor of the city for 10 years prior to 1957 and was active in many civic affairs.

**JOSEPH R. HARRIS**, 59, New York City broker, died in New York hospital after a long illness.

**LEE C. PAULL SR.**, 69, Wheeling,

W. Va. agent, died there after a brief illness.

**J. HAMILTON VANCE**, 59, Washington, D. C. agent, died at Suburban hospital after an illness of several months. He was a past president of D. C. Assn. of Insurance Agents and was at one time treasurer of National Assn. of Insurance Agents. He had represented Fidelity & Casualty for 23 years.

**L. ALEXANDER MACK**, 74, chairman of Underwriter Printing & Publishing Co., publishers of the *Weekly Underwriter*, New York City, and president of the *Insurance Press*, died in North Shore Hospital Miami Fla. Mr. Mack who spent recent winters at Fort Lauderdale, and his daughter, Miss Margery Mack, were severely injured in an automobile accident at Miami last month. She is recovering and is his sole survivor.

Mr. Mack began his newspaper career in 1901 with the Ithaca (N. Y.) *Daily News*, and became circulation manager. He also was with the Perth Amboy (N. J.) *Republican*. In 1904 he became business manager of the *Weekly Underwriter* and secretary of The Underwriter Printing & Publishing Co. He became president of the latter in 1913 and chairman in 1955 when he sold his majority control and retired.

He purchased the *Insurance Press* in 1926 and was also the owner and publisher of the *Insurance Law Journal* from 1924 to 1938 when it was sold to Commerce Clearing House. He was the author of a book, "Learn To Spell Correctly" recently published. His permanent home was at Montclair, N. J.

## Says Md. Department Could Outlaw Fictitious Groups

Maryland Assn. of Insurance agents has queried the insurance department on outlawing fictitious group writing, and the deputy commissioner in turn contacted the attorney general for an opinion. He has replied that in his judgment fictitious groups for insurance purposes are prohibited and regulation could be promulgated by the department.

## Stress Proper Management

The importance of efficient agency management was stressed by Eli Shupe, Wisconsin and Upper Michigan manager of Home, in his talk, "Agency Management," at a dinner meeting of Manitowoc, (Wis.) Independent Insurance Agents Board.

**Kansas Claims Service** of Wichita has opened its fourth branch office, this one at 115 West 6th street, Topeka, with Clyde E. Benefiel in charge. He is a partner of Kansas Claims Service.

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## Convention Dates

- May 25-27, Florida Assn. of Mutual Insurance Agents, annual, Balmoral hotel, Miami Beach.
- June 1-4, Insurance Accounting & Statistical Assn., annual, Sherman hotel, Chicago.
- June 2-3, Eastern Underwriters Assn., midyear, Whiteface Inn, N. Y.
- June 6-7, Pennsylvania Claim Men's Assn., annual, Bedford Springs, Pa.
- June 8-10, Maryland Assn. of Insurance Agents, midyear, Commander hotel, Ocean City.
- June 8-11, Conference of Mutual Casualty Companies, management conference, Grove Park Inn, Asheville, N. C.
- June 9-10, Georgia Assn. of Mutual Insurance Agents, annual, King & Prince Hotel, St. Simons.
- June 9-11, Southeastern Underwriters Assn., annual, The Homestead, Hot Springs, Va.
- June 9-13, National Assn. of Insurance Commissioners, annual, Conrad Hilton hotel, Chicago.
- June 11-12, Wisconsin Assn. of Mutual Insurance Agents, annual, Schwartz hotel, Elkhart Lake.
- June 11-14, International Assn. of A&H Underwriters, annual, Statler hotel, Los Angeles.
- June 11-14, National Assn. of Public Insurance Adjusters, annual, Hotel Traymore, Atlantic City, N. J.
- June 12-14, Mississippi Assn. of Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.
- June 12-14, North Carolina Assn. of Mutual Insurance Agents, annual, Grove Park Inn, and Fairway Lodge, Asheville.
- June 15-17, New England Assn. of Insurance Agents, annual, Lake Tarleton Club, Pike, N. H.
- June 19-20, Delaware Assn. of Insurance Agents, annual, Hotel Henlopen, Rehoboth Beach.
- June 19-21, Georgia Assn. of Insurance Agents, annual, General Oglethorpe hotel, Savannah.
- June 22-25, Insurance Advertising Conference, annual, Clauson's Inn, North Falmouth, Mass.
- June 24-27, National Assn. of Insurance Women, annual, Statler Hilton hotel, Detroit.
- June 29-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.
- June 30-July 2, Virginia Assn. of Insurance Agents, annual, Cavalier hotel, Virginia Beach.
- Aug. 10-13, West Virginia Assn. of Insurance Agents, annual, Greenbrier hotel, White Sulphur Springs.
- Aug. 20-23, Federation of Insurance Counsel, Fairmont hotel, San Francisco.
- Aug. 21-23, Montana Assn. of Insurance Agents, annual, Northern hotel, Billings, Mont.
- Aug. 24-26, Section on insurance negligence and compensation law, American Bar Assn., Ambassador hotel, Los Angeles.
- Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.
- Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.
- Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.
- Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.
- Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.
- Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.
- Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantiind hotel, Grand Rapids.
- Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.
- Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.
- Sept. 22-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.
- Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City.
- Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.
- Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans.
- Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.
- Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.
- Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.
- Oct. 20-21, Insurers of Tennessee, annual, Claridge hotel, Memphis.
- Oct. 20-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.
- Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.
- Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.
- Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.
- Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.



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## General Agents Have Shown 222% Jump In Premiums Handled In 12 Years And Companies Represented Have Increased

COLORADO SPRINGS—A survey of 27 general agencies scattered over the country shows that premium volume has grown from \$34,200,000 in 1945 to \$110,239,000 in 1957. E. F. Vanston of the Barney Vanston & Co. general agency in Dallas, told the annual convention here of American Assn. of Managing General Agents.

Jack Crowther of the Cullen & Crowther general agency at Minneapolis discussed the future production of general agencies in the face of today's competition, and Langdon Quin Jr. of Hurt & Quin, Atlanta, dealt with the relationship of general agent, companies and agents. The three-pronged discussion put the general agency system in focus as an important part of fire and casualty insurance distribution in the U. S.—with a successful past and a promising future. It was one of the real features of the program.

### Asked General Agents

In an effort to find out whether, as has been frequently suggested in recent years, the general agency system is in reality on its way out, Mr. Vanston decided to ask the general agents themselves. He sent them questionnaires. The response was amazing—more than 60% answered the questions and in addition many wrote long letters.

The questionnaire contained inquiries concerning volume, personnel, expense and possible solutions to the expense problem, Mr. Vanston said.

"Why can't we cooperate and share our own figures regarding expense and the way our individual businesses are growing so that the system as a whole can benefit by the pooling of ideas and information? We have seen enough from this response and the information that we have received to know that it is possible for our association, as an organization, to set up a committee to correlate ideas and methods so that we can have model systems for the various functions of our business. If we could get the cost figures of what a model accounting department should run, we could each then look objectively at our own business to see where we might be out of line. This same thing could be used throughout our organizations and could be of great help to us in these days of increasing expense."

### Increased Premium Volume

The 27 general agencies that answered the survey increased their premium volume from 1945 to 1950 by 74.6% and from 1945 to 1957 by 222%. This group of general agents is writing over three times as much business today as they were just 12 years ago. Their average today is \$4,082,925 in premium volume. This represents a tremendous growth, especially in view of the capacity problems of the 1940s and the serious automobile and casualty problems since 1950, he said.

As to company representation, in 1945 this group of general agents represented a total of 223 companies. This figure increased in 1950 to 237 and in 1957 to 265 companies. The 12 year increase in company representation amounts to 42 companies.

General agents are continuing in a steady growth rather than reviving from the "brink of extinction," Mr. Vanston suggested. The figures show

that the general agency system has had a very steady growth since 1945, with a substantial increase beginning in 1950. He believes that every independent local agent should have the representation of at least one manag-

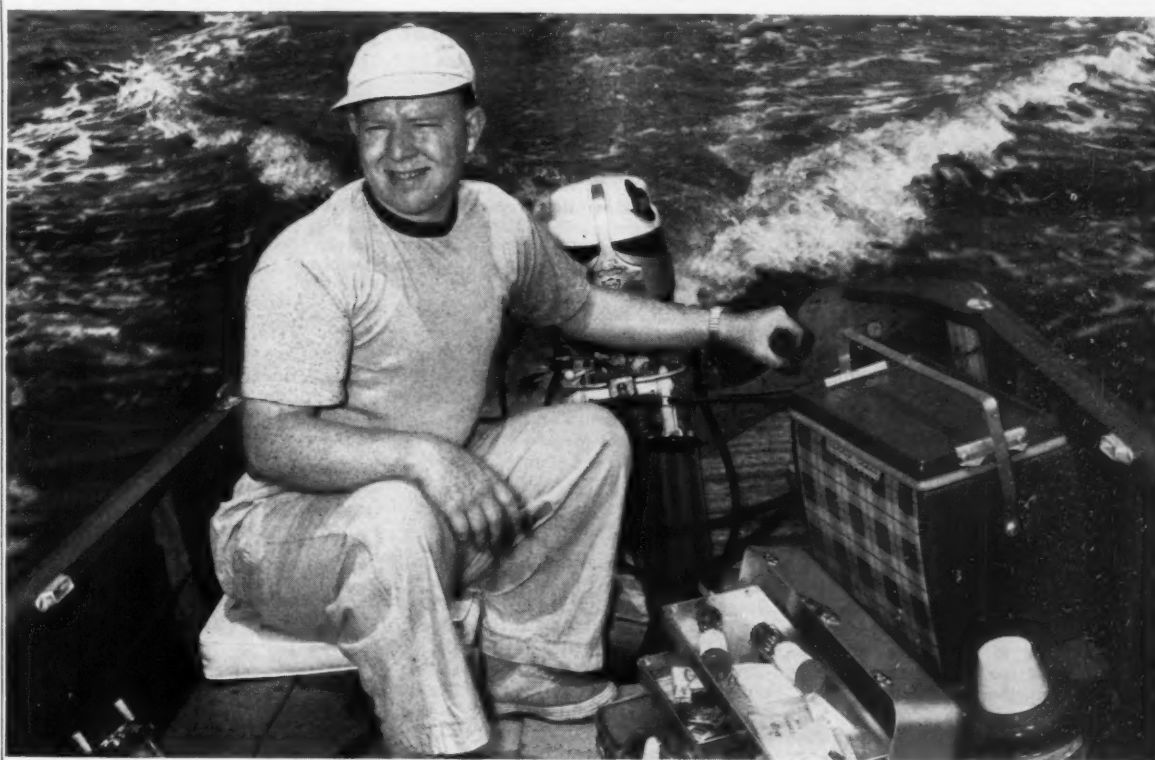
ing general agent in his office. The general agents' service to the local agent speaks for itself in their growth record. They also have done a good job and will continue to do a good job for their companies, he declared.

### Turn Over Territories

The trend in recent years has been for companies to turn over territories and even entire states to the well managed general agency. The survey shows that in the last few years 23 different companies turned over a

volume of \$3,200,000 in premiums to the 27 general agents included in this survey. This is an average of almost one such situation for each of the 27 general agents represented in the survey. This represents everything from small volumes handled by a single state agent to volumes as high as \$500,000 handled by branch offices. While there have been a few isolated cases recently of a managing general agent selling out his business to a company, there has been a much

(CONTINUED ON PAGE 25)



## Hartford A & S commissions will pay for all my vacation fun!

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Medical Expense	Poliomyelitis Expense
Comprehensive Major Medical Expense	

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Twin City Fire Insurance Company  
Minneapolis 2, Minnesota

## Accident & Sickness

### Two Ill. Blue Cross Plans On The Carpet

Hospital Service Corp. of Chicago, one of two Blue Cross plans in Illinois, yesterday was granted by Director Joseph S. Gerber 120 days to comply with a department order which provides that Blue Cross subscribers may not be given benefits different from those provided for under their subscribers' certificates regardless of where the subscriber is hospitalized.

An order was issued by Mr. Gerber May 2 against Illinois Hospital Service Inc. of Rockford, the other Illinois Blue Cross plan. The Rockford company was given 30 days to comply with the order and is taking the necessary steps.

The order is the result of hearings held during the past several months. The hearings were principally concerned with the effect of the operation of a clearing house known as the Blue Cross Interplan Service Benefit Bank which for the most part handles claims of Blue Cross subscribers hospitalized outside their home state. Hearing officer Lawrence A. Berman found that the "bank" operation resulted, in many cases, in subscribers being given greater benefits than those provided in their certificates, while in other cases smaller benefits were given.

Mr. Berman also determined that these excess benefits resulted in the companies' rates for hospital care being increased.

Both companies have advised the department that their subscribers' claims for out of state care will continue to be handled so their subscribers will not be inconvenienced.

Mr. Gerber said the additional time was given the Chicago Blue Cross plan because it has a larger number of subscribers than the Rockford plan. He also said that only about 5% of all claims handled by the two companies were processed through the "bank," but that even this small percentage involves large sums in excess benefits.

### Chicago Claim Assn. Elects Kemp President

Fred H. Kemp Prudential, was elected president of Chicago Claim Assn. at the annual meeting last week to succeed Kenneth C. Berry, Lumbermens Mutual Casualty, who becomes chairman of the executive committee. Other officers are: Vice-president, Norman E. Whiton, Loyal Protective Life; secretary, Harry W. Hoffman, United, and treasurer, Clyde Zimmerman, Continental Assurance.

Elected to the executive committee with Mr. Berry were Miss Valencia Pereda, United; Joseph Dryer, Hospital Report Service; Arthur A. Rose, Retail Credit Co., and Leonard M. Mannogg, Connecticut General Life.

The association will have a golf outing next month and resume meetings in October.

### Blue Cross Asks Increases In Ohio

Associated Hospital Service (Blue Cross) at Youngstown and Central Hospital Service (Blue Cross) at Columbus have each filed requests for a rate increase. The Youngstown schedule changes would affect some 300,000 persons and the Columbus changes about 500,000 persons. A spokesman for the Ohio department said it would take several weeks to review the requested changes and rule on them.

### Name Harrison Head Of Ohio A&H Underwriters

Ohio Assn. of A&H Underwriters at its annual meeting in Cincinnati considered plans to increase membership and heard discussions of progress in company relations with hospitals and doctors, distribution trends, selling and training.

Herman C. Harrison, Harrison & Lawrence agency, Cincinnati, was elected president. B. W. McIntyre, Mutual Benefit H&A, Columbus, was elected 1st vice-president; Ben L. Rosen, Continental Casualty, Toledo, 2nd vice-president; Howard H. Coron, Mutual Benefit H&A, Canton, 3rd vice-president; and C. S. Curtis, Guardian Life, Columbus, secretary.

The state association recommended to the international that time and energy should be given to developing relations with home offices to improve membership.

Richard J. Eales, assistant director health insurance, Life Insurance Assn., as staff representative of Health Insurance Council, announced establishment of the council's state committees for extending to community level the national program to strengthen relations between companies, hospitals and doctors.

### Urges Agents To Give Service

Richard W. Angert, sales vice-president Inter-Ocean, declared that if the Forand bill in Congress is passed, "we are out of the insurance business," and the government will be in "it." He urged the agents to give more service and to be fair to the companies in selecting of policyholders.

John S. Bickley, professor of insurance Ohio State University, commented that all the agents have to do as their share in helping to keep government out of the insurance business is sell enough people, sell the right kinds of coverage, and keep them happy. He cited current marketing trends, such as package coverages, installment buying, vending machines, and shopping centers, all with their effects upon selling of the future.

Fred W. Gusweiler, vice-president Union Central Life, discussed objections and said that "objections help with the sale if we know what the prospect is really thinking." Bruce Gifford, managing director of International Assn. of A&H Underwriters, invited those in attendance to the convention in Los Angeles, June 11-14. Legislation, he said, is one big reason for the necessity of a strong organization in the business—for the state association, the local association, and the individual agent.

Cornelius Scheid, New York Life, was the banquet speaker, and John J. Plumb, vice-president and director of agencies Paul Revere Life, gave the closing address.

### Producers Miss Chance By Not Selling A&S: Welch

Producers lose income if they do not sell A&S, J. Francis Welch, vice-president U. S. Life, told a meeting of New Jersey Assn. of A&H Underwriters in Newark.

Mr. Welch based this premise upon the increase in A&S business during the last five years. He noted that the 1950 premium volume was \$1 billion two hundred million, and in 1955 it

had grown to \$2 billion nine hundred million. Mr. Welch attributed this to state legislation, major medical, newspaper stories, and school children coverage. All of which, he said, lessened sales resistance by creating a greater public awareness of the value of protection.

The speaker reviewed the various income tax deductible factors afforded premium payments and benefits which he said should be used as a basic selling point. He also urged a careful dovetailing of benefits with those provided by Veterans Administration, state plans, federal benefits and union or trade association arrangements for medical care and loss of time.

The meeting also went on record as unanimously opposing the Forand legislation now pending in Washington, D.C.

### American Casualty Offers New Sportsmaster Policy

American Casualty has introduced a "sportsmaster" accident policy to cover injuries sustained while hunting, fishing, trap shooting or on field trials (except for wage or profit) and while traveling directly to and from these activities.

Two plans are available. One provides benefits of \$5,000 accidental death and dismemberment, \$500 accidental medical expense, and \$25 weekly disability indemnity, up to 52 weeks at an annual premium of \$5. The other offers double the same limits at \$10 a year. Benefits are reduced 50% if the policyholder is injured while driving or riding in an automobile. Under each plan, the AD&D limits are increased 10% each year the policy remains in force, without additional cost, until the limits have been increased 50%. The policy may be renewed each year.

### Kincl New Orleans A&H Head Of Continental Cas.

James A. Kincl has been named A&H manager at New Orleans for Continental Casualty. He was formerly executive special agent for individual policy sales at Chicago, which office he joined in 1955 as a field man.

### Ga. Blue Cross Rates Up

In the first public hearing ever held in Georgia on a rate increase prior to approval, Commissioner Cravey approved raises in Blue Cross rates of 12% for individual subscribers and 18% for those under group policies. Increases apply to 119 counties served by Georgia Hospital Services Assn. of Columbus. The Atlanta and Savannah areas are not affected.

Increased benefits for room and drug allowances, payments for surgical recovery rooms and earlier coverage for new babies have been added.

### Fla. Bridge Bid \$135,000 Less Than Bids Of Others

In the story in the May 16 issue dealing with the annual report of Harold L. Wayne, general manager of Inland Marine Underwriters Assn., a figure of \$60,000 was incorrect.

Mr. Wayne, reporting on bids for bridge coverage in Florida, stated that bureau insurers bid \$419,845 for the physical damage and U&O cover, while Consolidated Mutual of New York took the business for three years at a premium of \$285,790. The latter figure is \$135,000 less, not \$60,000, than the bureau company bid. Mr. Wayne pointed out that the bid of Consolidated Mutual, which previously had not written inland marine, and which reinsured all but 2½% of the risk in London Lloyds also was \$135,000 less than that of North America.

Indemnity of North America will shortly open an office in New Orleans under Guy E. Bisette, who formerly was at Richmond.

## Field

### Werner New Head Of Cook County Capital State Insurance Assn.

Cook County Fire Underwriters Assn. at its annual meeting last week at River Forest Country Club elected new officers and changed its name to Cook County Capital Stock Insurance Assn. The business sessions were conducted in the morning, and in the afternoon there was a golf outing in which Cook County Puddle of Blue Goose participated.

The new president of the field men is Edward F. Werner of America Fore Loyalty group, and his associate officers are: Vice-president, William B. Browne, Great American; 2nd vice-president, Herbert H. Kotecki, U.S.F. & G., and secretary-treasurer, Warren T. Porter, Aetna Casualty. Named to the executive committee were M. J. Bergin, Royal-Globe group, and Otto E. Drayko, Hartford Fire.

Eighty-three field men and Blue Goose members took part in the affair, which was concluded with a banquet.

It was announced that the Chicago Puddle will maintain an open house hospitality room for ganders going through the city on their way to the grand nest at Banff in August. In September the puddle will begin to have regular luncheons and will hold an initiation meeting.

### Midwest Field Club In Convention Season

The field meeting season is in full swing in the midwest for the 18 clubs under the jurisdiction of Western Underwriters Assn. The annual meetings have already been held by the Oklahoma, Nebraska, New Mexico, Kansas and Cook County Fire Underwriters Assns., and the schedule for the remaining groups is:

June 2, Mountain Field Club, Denver.  
June 4, South Dakota, Watertown.  
June 4-5, Illinois, Rockton.  
June 10-11, Kentucky, Gilbertsville.  
June 11, Iowa, Clear Lake.  
June 11-12, Missouri, Rockaway Beach.  
June 11-12, Tennessee, Gilbertsville, Ky.  
June 18-19, Minnesota, Brainerd.  
June 18-19, Wisconsin, Baileys Harbor.  
June 18, Ohio, Uniontown, Pa.  
June 25-26, Indiana, Culver.

### Three Specials Named By St. Paul F. & M.

St. Paul F.&M. has made the following appointments:

William F. Noll as special agent for northwestern Kansas, with headquarters at Wichita. For past two years, Mr. Noll has been in claims at the home office. Palmer L. Roach as special agent fidelity and surety department at Detroit. He has been bond underwriter at the home office. James R. Craig as special agent at the home office. Mr. Craig joined the company in 1940 and has been an underwriter.

### Aetna Fire Field Changes In La., Ark., Tex. And Pa.

Aetna Fire has transferred Special Agent Omar D. Cauby Jr. from Arkansas to the north Louisiana territory (CONTINUED ON PAGE 38)



## GAs Have Shown 222% Jump In Volume

(CONTINUED FROM PAGE 23)

larger number of companies turning over books of business to managing general agents.

He noted that the survey was not distorted by a few, very large general agencies. Actually, the survey did not include any of the "giants" among such agencies.

The managing general agent has been and will continue to be a great stabilizer for the agency system, Mr. Crowther declared. General agents have been able to offer agents a diversity in markets which competitors have not been able to do with any degree of continuity. That competition is, for the most part, he said, the branch or service office in the general agent's territory.

### Climate Is Favorable

The climate is extremely favorable at the present time to make competitive headway, Mr. Crowther believes. However, this calls for investment—in manpower and brainpower. For as long as the general agent's field men are the best in their territory and as long as their underwriters are as good or better than the home office examiner, the general agent will be able to out-compete and out-produce the best of his rivals.

Reviving interest in general agents is not a revival in the general agency system, but in the home office management's thinking, he said. They evidently began analyzing their branch office expense ratios. This revived their thinking regarding managing general agencies. A good field man will have a following of good agents, and the selection of business given to the general agent through this field man should be of better quality. But general agents have to have good underwriters also. They have to produce good results for their companies.

### Has To Be On Constant Guard

Only the general agency's underwriter's integrity, imagination and ingenuity with his agents will attract good business and good agents. The general agent has to be on constant guard against poor quality business, of which there is an abundance floating around these days. His production has to stand the test of quality all the time in order to maintain company markets. This quality will only result from investment in capable personnel. It will pay for itself many times over by retention of present companies and attraction of new agents.

### Not Implying Quality Is Poor

Mr. Crowther said he was not implying that the competition of general agents is of poor quality. In so many cases these people are good friends, capable and competent. But he did stress that to maintain a competitive position, the general agent must attract higher than average personnel. Then the general agency must offer to agents the markets he needs to do the complete job of handling the insurance needs of his customer—multiple line, surplus and deviating markets. With the sound management of these markets and intelligent merchandising of their products, the general agent can offer agents a production facility offered by only a limited few.

One problem is posed, he said when a local agency which gives the general agent a large percentage of his volume decides to sell his agency. The

general agency association's by-laws preclude any direct, or indirect ownership of local agencies. However, the general agent may be in a better financial position to execute a transaction of this type than another local agent. There are times when it would be good business to buy a local agency which is for sale and sell it to another local agency of the general agent's choice. The time it takes to complete the financial details of such a transaction may be three to five years. Such financial intervention could help the general agent build a stronger agency plant.

What about the general agent who is selling out? The seller has many good reasons for selling and in most cases the seller has had a lucrative offer from one of his own companies. But wouldn't this offer a wonderful opportunity for a member general agent in that territory to expand his operation by merger or outright purchase? This has been done in other industries, and there is a strong possibility that it could be done within the framework of the general agents' association, Mr. Crowther suggested.

### In A Unique Position

The general agent stands in a unique position between the company and the local agent, Mr. Quin pointed out. He is in a most advantageous position to get the viewpoint of each, and from such viewpoint he is able to form an unbiased opinion on the problems of the moment. He is not motivated by the management of any one company, such as might be the case of a salaried company employe, but usually he has the benefit of the thinking of several companies. And by the same token, by his representation of several companies, he usually has contact with many

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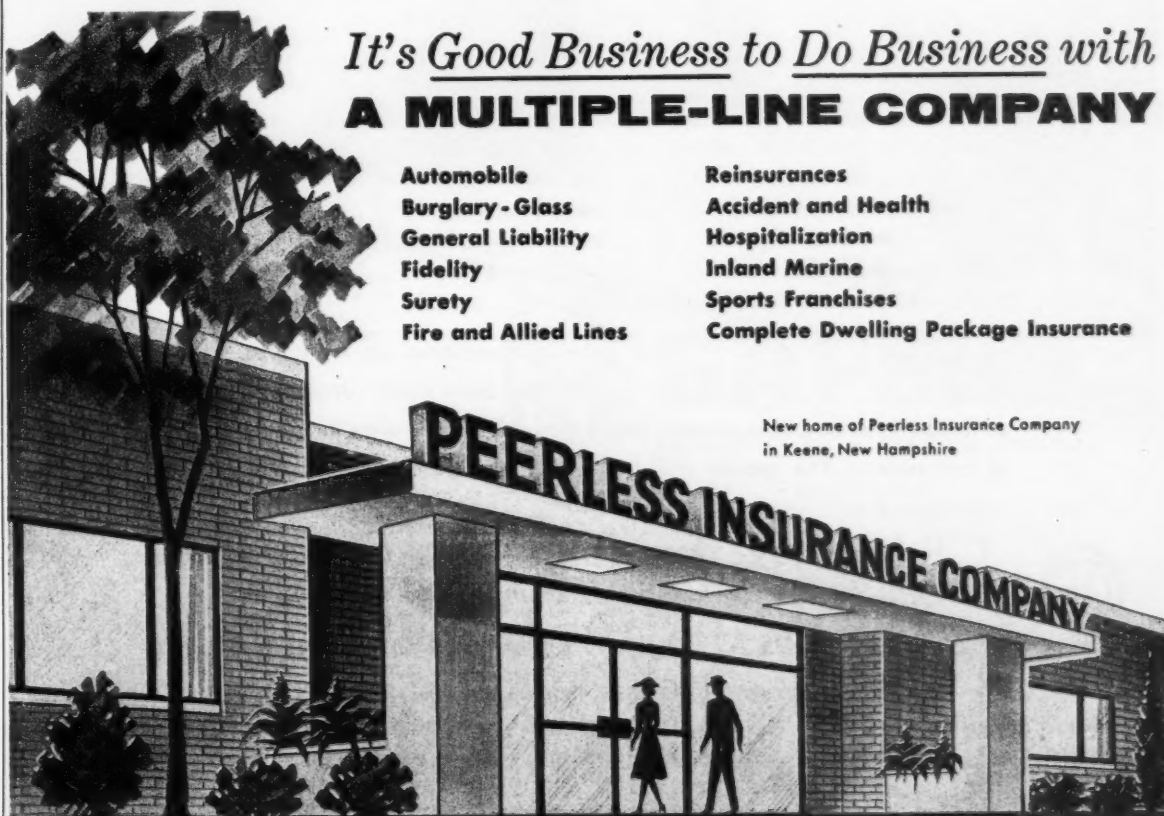
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diverse and varied types of agencies, large and small, rural and metropolitan, writing industrial and personal or possibly agricultural lines.

He said that the prejudice of companies against the general agency system seems to be fading now. Of course, there will always be companies which prefer to operate on a direct reporting basis. But there are other companies which are interested in the distinct advantage of the general agency system, which applies to each individual territory underwriting policies reflect-

ing the company viewpoint while moderating it with a local viewpoint. This can be done best by one who is a permanent part of a field or region. A general agency, once established on a sound basis, is for the most part a permanent proposition. Such continuity of operation under the same management, and pursuing the same sound underwriting principles, is one of the strong assets of general agency management. The sales of general agencies have been in large part to companies, which indicates the high type business

produced by general agencies which have made their profitable premium volume attractive to prospective company purchasers, anxious to expand their operations.

The general agent's most important concern is with the companies he represents, Mr. Quin declared. This is his very livelihood, and without these tools he can get nowhere. Even if he has business at his fingertips, which is his for the asking, he is no better off than with no business at all if he has no good companies. The compa-

nies' problems are his problems and any condition that adversely affects the companies likewise affects him.

Until the pendulum swings back toward more profitable underwriting, general agents should be willing to go right down the line with their companies on any reasonable request, Mr. Quin believes. The fact that final net results might have been profitable does not automatically give the general agent the right to believe that his companies should have nothing to say about the manner in which he conducts his business. They have every right to know everything about the operation of the general agency, insofar as their own business is concerned.

The general agent is obliged always to safeguard the best interests of his company, he added. Every general agent should know his own region intimately and should keep his company away from the pitfalls, by avoiding those risks and those classes which are to his certain knowledge unprofitable, even though the company itself might be receptive to the classification.

#### Investment Is Eliminated

Companies recognize that in entering into a general agency operation any capital investment is eliminated and the cost is in direct proportion to the business produced, Mr. Quin said. For example, one company group which for many years had operated through a general agency terminated the connection and put in a department office. Naturally the general agency salvaged a considerable portion of the business, which left the company with no business on its books to commence operations. Literally thousands of dollars were spent in opening the office, hiring a manager, field men and underwriters and while some progress has been made, nevertheless many years will elapse before their expense factor will be in line with the volume of business produced.

Also, he said in a general agency operation the company reduces its credit risk to the very minimum.

He noted also the close relationship, resembling that of a partnership, between general agent and agent. He said it is not a good investment of time to impress the agent with the size or importance of a company but it is a good investment to help the agent sell insurance. The moderate overwriting allowance to general agents at present is not large enough to pay extra commission, and to do so will reduce the general agent's ability to serve the agent properly.

#### Ruth Pierdon Elected Officer Of American Surety Group

Ruth M. Pierdon has been elected an assistant secretary of American Surety and of American Life. Miss Pierdon is a graduate of the casualty course of Insurance Institute of America and has been vice-president of Insurance Women of New York.

#### Seek Broad AR Plan In R. I.

A bill introduced in the Rhode Island legislature would force companies to provide coverage under an assigned risk plan for fire, casualty and marine lines. The bill authorizes the insurance commissioner to consult with companies and then to approve plans for apportionment of rejected applications for insurance among those writing these coverages.

Western Adjustment has moved its Sioux City, Ia., office to 214 Commerce building.



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## Tells How N. Y. Farm Writing Has Been Modernized

(CONTINUED FROM PAGE 10)

in a fire resistive room as described in the previous item. This recognizes a safely arranged gas fired hot water heater in the milk room, as an example. Item 9 is not cumulative with item 8.

The revision in item 11 is material, Mr. Smith stated. A new rating approach to farm fire protection has been prompted by improvements in rural fire fighting equipment and techniques, often augmented by well designed farm ponds or other sources of water.

### Must Be Near Fire Department

Credit for protection classes E and F may apply to property up to five miles from an approved fire department. The approved fire departments are listed by the rating organization in the farm rules. The property must be located in the fire district served by the fire department and there must be a telephone on the premises. With respect to class F protection credit, in addition there must be an approved source of water within 1,000 feet of the building receiving the credit. The standards for water supplies are administered by the agent; the location of any water supply should be shown on the farm diagram when the agent fills out the farm inspection report. The appropriate protection clause, E or F, should be attached to the policy, just as other protection clauses.

A modification in the schedule for rating silos, windmills and windpumps provides that rates for all-metal, tile or masonry silos communicating with the barn shall not exceed the barn rate. It was possible for such silo construction to rate higher than the barn to which the silo is attached because of the higher level of credits available for application to barns. The revised rule eliminates that inconsistency, Mr. Smith observed.

### Permits Use Of Highest Rate

The previous rules provide a rate of 75 cents for farm produce and supplies when written under the blanket coverage item. The revised rule permits use of the highest rate applying to the property covered but not exceeding 75 cents. Rates for barns and other farm buildings may be materially below 75 cents and the new rule is an important liberalization in those cases.

The previous rule required application of pro rata clause 1 to the farm produce and supplies coverage and also made it necessary for the agent to execute the farm inspection form even when coverage was written on such property on a short term basis. The revised rule has provided the means of writing farm produce and supplies, excluding growing crops and plants, as blanket coverage, not sub-

ject to pro rata clause 1, nor requiring completion of the farm inspection report, at a rate of \$1.70.

All the changes in the farm rating plan and rules are effective on a pro rata basis. In other words, he said, if the agent wants to take advantage of the liberalization in the revisions, he may do so now.

Another recent change of importance to the farm class is the new schedule for rating poultry farms with a capacity of more than 1,000 birds. The new schedule is based upon the farm rating plan with modification in respect to fire heat charges, and area and height charges, to reflect conditions applicable to poultry farms.

The revisions add up to the most complete set of tools ever available to the New York agent for writing of the farm class, Mr. Smith declared. Underwriting can be geared to a spread of rates representative of actual conditions. The agent no longer need apply the same class rate to a single story machine shed of masonry construction and also to a large frame dairy barn with loose hay and unsafe fire heat.

The companies lost more than 40 cents for each \$1 of premium written during 1956 in the farm class in New York state under the old system of class rates, Mr. Smith pointed out, and he urged careful underwriting of the class by agents. Credits from the base rate under the farm schedule should be judiciously applied if the program is to be a success.

### Hartford Accident Moves Shaw To Agency Unit

A. Park Shaw Jr., who has been assistant manager of Hartford Accident at Bridgeport, Conn., has assumed new duties in the home office agency department. He joined the company in 1946. Subsequently he was an underwriter at Hartford, and bond special agent for western Massachusetts until his appointment in 1950 as fidelity and surety superintendent at Bridgeport. He was named assistant manager there in 1956.

### R. W. Wolf Jr. Promoted

Hartford Steam Boiler has appointed Robert W. Wolf Jr. assistant to the vice-president in underwriting at the home office.

Mr. Wolf joined the company at New York in 1949 as a special agent and has served there successively as supervising special agent and assistant manager, his position before his new appointment.

H. W. Casler, vice president in charge of the western department at the home office of Central Surety, has been elected a director of that company. He also is vice-president of the other companies in the North British group.

## "Our problems have been solved with

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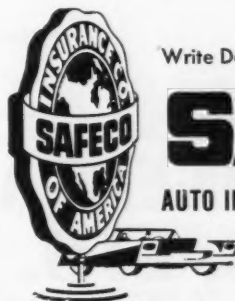
... Says T. R. Harrington, Jr.,  
of Knoxville, Tennessee



T. R. Harrington, Jr., owner of the insurance agency that bears his name in Knoxville, had some very knotty sales problems 4 or 5 years ago. He describes here how SAFECO helped him solve them:

"We were losing renewals to the direct writers at an alarming rate, new business seemed to be non-existent, and office expenses were increasing. About then we heard of General's new automobile company - SAFECO - and decided to give it a try - after all, we couldn't lose much more!

It was one of the best business decisions I ever made. The trend completely reversed itself. We are now holding 95% of our renewals, our new business has increased tremendously and even with the expanding business we don't need additional help. Besides that, our claims service is the best in Knoxville. Yes, our problems have really been solved, thanks to SAFECO!"



Write Dept. 405 for more facts about SAFECO

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## Agents Could Save 10 Points In Expenses

(CONTINUED FROM PAGE 2)

the fire rating bureau companies. In fact, these competitors are now even classified as "agency companies," and are accepted by producers as members of the household under the absurd camouflage that they distribute their lines through agency representation, he declared.

The fire rating bureau companies established sound rules of operation and developed experience and actuarial data to produce rates and practices giving permanence and stability to this industry, he averred. These bureaus were instituted for the protection of everyone—companies, producers and policyholders. Change is inevitable and desirable. But changes must meet the reasonable desires and needs of the policyholders, producers and the companies together. Independent thinking is good, but an excess of independence and too little thinking cause chaos.

### Will Not Sit Idly By

Fire rating bureau companies have tried to maintain an approach to the business which would permit them to accept risks across the board. Their organizations must maintain rules that are flexible enough to permit sound competition. At the same time they must develop rate factors, experience analyses, and judgment findings which will assure that the American public receives the protection and service it believes it is buying. To this end, these companies cooperate by making the same filings with the supervisory officials, maintaining standard forms of coverage, and a standard rate of commission for the production and servicing of business. They will not sit idly by and watch their business deteriorate simply because the producing sources are selecting against the averages they have worked so hard to establish.

Until recent years, an agent placed his business almost entirely with the bureau companies. As a result, the spread of business embraced the poor and the good in any given class. This gave the companies an opportunity to use averages in underwriting, and an opportunity to achieve underwriting experience which, over-all, was satisfactory. Today this art of underwriting is being lost because too many agents give the various specialty companies the preferred business, leaving to the bureau companies only a share of average business and an over-abundance of sub-standard business. They are becoming just above the last stop before a risk goes to an assigned risk pool.

### Can Bureau Companies Keep On?

Why should the producer ask his bureau companies to help him out on a tough risk when he operates within a pattern such as this? Why, in fact, should a producer even have companies in his offices who pay maximum commission for a selected class of business side by side with a cut-rate company that also demands a preferred class of business at the minimum rate of commission? It isn't possible for bureau companies to continue on this basis with this type of agency representation. Nor is the producer improving his position.

When an agent sells a cut-rate cover at a commission which is less than the bureau company scale, he is simply admitting the bureau commission he receives for his services is too high, Mr. Perry declared.

The present trend to reduce com-

missions is being forced on the bureau companies, he said. The number of mixed agencies now in business is almost unbelievable. Speaking of discrimination, the agent who sells a cut-rate cover at a low commission is no longer in any position to insist that the bureau companies maintain, much less increase, the commissions they are already paying.

The producer of today has it far easier than the producer of 25 to 50 years ago, when it was seldom necessary to furnish insurance and the producer had to do a real selling job.

Also, companies formerly relied upon the agent to produce good business, inspect it, pay losses, and in general to service the business in the proper manner on behalf of the company. Today most agents are producers only. Many times Mr. Perry has known agents to have one company decline a risk because of unsatisfactory background, only to rewrite the coverage in one after another of his other



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companies until it sticks. If a risk is poor for one company, it cannot be any more favorable for another. In most cases, too, the agent has access to information regarding the insured—moral hazard, physical condition, etc., which, if passed along to the company, would eliminate some of the handling expense.

#### Agents Avoid Small Losses

Many agents refuse to settle small losses, he said. His claims department can show that 84%, by number, of fire and allied losses are less than \$200. These are the losses that are so costly to handle through adjusting sources. Adjustment fees frequently are more than the amount of the claim paid. The agent is missing one of his strongest production potentials by not using claims as a means to get better acquainted with insured. Claims and losses could pay unlimited dividends in the way of increased coverages, etc., and, as a final result, increased income to the agent.

A properly functioning system would save the companies a minimum of 5% by handling claims of \$200 or less, 1% by reducing credit terms, and 1½% through proper selection of business. Very likely another 2½% could be saved on accounting and billing procedure. This would produce a 10% savings in cost alone and would have been the difference between a profit and loss to most companies last year.

#### Two Kinds Of GAs

General agents are of two kinds: producers and managers. The producing general agent does little in the way of investigation, underwriting, etc. He does not normally effect complete reinsurance, but he will render agents' accounts, assume the responsibility of collecting their premiums, and produce business. He is little more than a local agent. A managing general agent effects reinsurance where required, underwrites the business, prepares accounting cards and bordereaux, classifies, codes, etc., so that when the business reaches the company office there is little more to do than add it to their books. So the operations of the producing general agent and the managing general agent are significantly different.

In that significant difference is to be found the answer to why the trend has been away from managing general agents, Mr. Perry declared. The primary reason for the disappearance of general agents is that they have been purchased by companies or merged with real managing general agents because the producing general agent is seldom profitable. A well operated managing general agency should be able to out-perform any company operation. It has access to the facilities of the companies it represents, and because of the limited area supervised it should be able to run an extremely efficient organization. A managing general agent should be able to eliminate the problems an individual company invariably faces of not being able to write all classes of business or of not being able to extend underwriting facilities of sufficient size for large risks, especially in the field of fire and allied coverages. Sound managing general agencies have the key to a successful multiple line operation for any moderate size company.

#### General Agency's Future

The future of the managing general agency does not depend solely upon the companies' ability to continue excess commissions. It depends more upon the number of operating procedures the general agent is willing to handle. His future depends upon

competent personnel and the willingness of such a staff to assist the companies in getting the work done. The managing general agent who puts together a competent organization which fulfills its obligations will never have to worry about his companies refusing to pay commissions commensurate with his performance. Moreover, the producer who does nothing other than produce should not receive the same compensation, and the rate of commission should be increased from the local agent level only for each added responsibility the agency accepts.

An automobile insured in New York City against BI, PDL and PHD carries an average premium of more than \$200. Today the liability portion of this coverage is compulsory on every car. The result is that in New York City an agent, who probably is little more than an order taker, receiving 25%, is getting as much for his minimal effort as the entire premium paid by insured in Nebraska for the same coverage. Yet the Nebraska producer really has to go out and sell the business at about the same per cent in commission but far less in dollars.

This sort of inequity creates argument, he said. There must be a fairer way for commission to be scaled according to premium volume as well as to class of business. Agents frequently say the companies try to cut commissions but seem to make little progress at cutting home office expenses. Companies try to reimburse personnel on the basis of what they accomplish for the company. In home offices not all personnel receive the same rate of pay, and Mr. Perry does not believe that all agents nor even all managing general agents should receive the same commission rate when the time and effort required to produce business varies so greatly from section to section.

The elimination of commission as a part of the rate structure would, perhaps, be the answer, he suggested. This would save tremendously in company and general agency accounting departments. The producer would be able to charge according to the service rendered insured. It would necessitate an entirely new approach by the companies and also by the producers, but it would improve the entire business, he believes.

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## State Regulation Has Kept Competition Thriving

(CONTINUED FROM PAGE 19)

achievements, as might be the case if regulation were to be centralized in one agency fighting to maintain its prestige and increase its power," he declared. "Under the system of regulation by the several states, regulation and the business operate in a goldfish bowl. For every state that has come up with a bad program, there are a dozen which have done an

excellent job. And as the best programs reach maturity, they can't help but cause a favorable reaction in the legislatures of other states."

He pointed out that by the very nature of their jobs, Victor Hansen, chief of the anti-trust division of the Department of Justice, and Donald P. McHugh, counsel for the Senate subcommittee on anti-trust and monop-

oly, who also appeared on the program, must be primarily concerned with violation of applicable federal laws and with the failures, if any, of the states to carry out the intent of Congress.

However, he added, "they do so just as the policeman who concerns himself with the speeder rather than the 100 proper drivers whom he passes on the highway."

He said that emphasis on occasional mistakes and breakdowns is valuable to the system, since they provide ex-

perience. But no one should believe that more perfect regulation in the public interest will be achieved by destroying the present system and by substituting a bureaucratic monopoly in Washington where in his view there is no evidence of infallibility.

"The federal government has a legitimate interest in what happens in the insurance industry. Insurance is too big and vital to pass unnoticed by Congress. It specifically reserved the right—and properly so—to reexamine from time to time the field of state regulation and to have the anti-trust laws apply to those aspects of insurance not covered by state regulation.

It would be naive or dishonest not to recognize that problems still exist in state regulation. A good law, or good administration of law, does not change human nature and there will always be those who seek to eliminate competition for the sake of easy profits, as well as the individual whose idea of a proper competitive economy is the situation where everyone has competition but himself. However, such individuals do not exist only in insurance as the thousands of prosecutions in other fields for violations of the anti-trust laws prove.

### Cannot Make Case

He declared that a case cannot be made against state regulation merely by citing the fact that pressures for uniformity have continued under it, and if this were not so, a similar and more effective indictment must necessarily lie against those areas of business and regulation which have given rise to frequent anti-trust litigation.

He referred to the Cleveland Board and New Orleans Insurance Exchange cases, where the courts decided boycotts were illegal. These were more than examples of suspected attempts to restrain trade, Mr. Navarre observed. Their true import lies in proof that such restraint can now be curtailed under the partnership of state regulation and federal law.

"New thinking is constantly devoted to new types of policies to better serve the American family, business man, driver, employee, and every other type of citizen," he added. "Those who would bring us back to the days before 1944—those who still seek to restrain competition by bringing pressure on state legislatures and state insurance commissions to act in favor of forced conformity to rate structures and policy forms, have been unsuccessful in all but a few instances. Their arguments against the maintenance of competition in rating are an effort calculated to cover up a selfish attempt to destroy competition in price contrary to the basic concepts of our competitive free enterprise system," Mr. Navarre said.

### Refers To New York Bill

He referred to a New York bill to force companies into bureaus which was defeated and cited the statements by the counsel of the New York department to the effect that no matter how good state regulation of rates made by rating organizations composed of companies acting in concert may be, it is not nearly as effective in protecting the public against excessive premium rates as is healthy competition between bureau companies and independent insurers.

"In the past several years there have been protracted battles between those who wish to be free to compete in fire and allied lines and those who believe in enforced uniformity. In each instance, the primary forum has been the administrative tribunal of-



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ferred by the various state insurance departments," he continued.

Relating these views to the proposed congressional investigations of the insurance industry, he said that demagogues often win popular support because it is so difficult at times to present the whole truth in all its complexities and intricacies. He cautioned against the man who speaks of "the simple truth" about insurance legislation for he is all too often seeking a "simple" system of uniformity, monopoly, or federalization, depending on his affiliation.

"Insurance regulation in the hands of the state provides an open market, as it were, of 49 separate insurance departments, as well as the state legislatures. Competition—even competition of ideas—provides a natural force for progress, and let there be no mistake that competition does exist among the states to provide proper, enlightened and progressive insurance supervision. Monopoly, on the other hand, whether private or governmental, in removing such forces threatens to bring on stagnation and apathy."

Since the country is geared to the doctrine of competition, forms of regulation also should be required to "stand the cold test of competition." This being so, he has no fear for the future of state regulation.

### Pacific Employers Opens New Buildings

New buildings housing regional offices of Pacific Employers in Atlanta, Nashville, and Kansas City, were formally opened during May. Buildings at Nashville and Kansas City have been newly constructed and the Atlanta building recently acquired.

Formal open houses were held in Atlanta on May 13, Nashville on May 16 and Kansas City on May 19. Official home office guests from Los Angeles at all three functions will be President and Mrs. Montgomery, Vice-president and Mrs. B. F. King, and Vice-president and Treasurer A. H. Hall.

At Atlanta, the building is a modern two-story brick structure which is fronted by Roman brick and limestone, and has air-conditioning, modern lighting, sound-proofing, piped-in music and other features. The office is headquarters for the southern division, servicing Georgia, North and South Carolina, Alabama and Florida. Resident manager is James W. Taylor.

At Nashville, the modern one-story and basement structure is at 1804 Hayes street. Parking facilities are provided in the rear. The concrete and brick building has such modern features as air-conditioning, acoustical tile ceiling, piped-in music, and attractive lounge and lunch room.

In Kansas City, the new one-story building at 600 West 39th street has steel frame and masonry construction with an old brick and native stone exterior. It also features a lower-level area providing lunch and lounge facilities, and parking area on the tree-shaded lot.

### N. C. Clinics Draw 400

More than 400 mutual agents attended the spring educational clinics of the Southern 1752 Club in North Carolina. Discussions on garage liability, the new family automobile policy and agency management problems featured the meetings at Greenville, Raleigh, Charlotte and Greensboro. Charles Hibbard, assistant manager, and Hollis Fuller, chief auditor of the rating bureau also spoke.

### Cobb New President Of United Security, Olmsted Chairman

George Olmsted, head of the Hawk-eye-Security group, has been elected chairman of United Security, one of the company members, advancing from president. William L. Cobb, executive vice-president, was made president, Fred Strouse became vice-president and Ralph Knudsen, treasurer.

Announcement was made that J. S. Tressler had been promoted from

assistant vice-president to vice-president in charge of the agency department for United Security and Hawk-eye-Security.

### New Louisville Adjuster

Stafford P. McGuire has organized McGuire Adjustment with offices in the Republic building, Louisville, to handle fire and casualty losses. Mr. McGuire has had a number of years in the fire and casualty loss field and has done special work for the state of Kentucky.

### Nationwide General New Name Of Merit Rate Auto Pup Of Nationwide Mutual

Nationwide General has been adopted as the name of the new pup company of Nationwide Mutual which will market merit-rated automobile insurance. The economy auto insurer was chartered last fall as Trans-America, but the name has been changed to avoid possible conflict with similar names in the business. Nationwide General will begin actual operations this summer.



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## Mutual Claims Men Hear Inertia Blasted

(CONTINUED FROM PAGE 2)

of high verdicts to inflate the value of liability claims; not only in his own mind, but also in that of the field adjuster."

In summing up family protection, Mr. Gottemoeller said that while it is a "radical departure" from the practice of paying third parties on a basis of legal liability, it must be seen as only an effective supplement to the negligence system. "By providing a means for some compensation regardless of liability, at lower over-all loss cost and expense to the policyholder, it is," he said, "an effective answer to the demand for compulsory compensation and ultimately state funds."

Also speaking during the first morning session was Fred D. Cunningham, general counsel Shelby Mutual, who

spoke on "Liability Over and Above Policy Limits." With regards to mitigation of damages, Mr. Cunningham noted that in practically every case where the injuries are at all serious, a notice that the suit can be settled within the policy limits will be received sometime in the handling, accompanied by a demand that settlement should be effected. This, he said, is when "some attorneys seem to get a good case of jitters."

Mr. Cunningham then outlined the procedure which his own company followed in such suits. This involved sending a letter to the insured stating what has and what is being done to protect the insured's excess interest, and urging him to have his own attorney collaborate in the handling of the matter. He said this letter also

requests the insured to point out what has so far been done (or not done), which "has in any way impaired or prejudiced his interest or position in the litigation, and he is requested to submit his suggestion as to anything else that can or should be done."

Mr. Cunningham said such a procedure is believed to have been effective in "counteracting the efforts of insured and his counsel and in their taking an interest in the settlement of the excess liability."

Whether the claimant or judgement creditor has a legal right to recover directly against the insurer for that part of the judgement which exceeds the policy limits, Mr. Cunningham noted that some attorneys even notify the company that they will recover that which is in excess of the policy limit direct from the company, if such excess liability should result from the company declining to accept the proposed settlement.

He also said that a dilemma occasionally arises from those cases in which the company insures both parties to the accident. And he quoted a case in which the company decided to let the jury decide the issue of liability.

### Second-guessing Possible

Second-guessing is often possible on the course of conduct in the investigation, he said, and this is generally so because of conditions of the trial itself, among other things. He thus feels that it is much easier to establish negligence on the part of the company than bad faith. "Therefore," he said, "it behooves the company and counsel to be especially circumspect and cautious in handling claims and suits in the state following the negligence."

Other speakers and their subjects at the well-attended and closely followed conference were M. M. Johnson, M. M. Johnson Claims Service, "As An Independent Views Us;" Wyatt Jacobs, Jacobs, Miller, Rooney & Lederleitner, "Whiplash Injuries: The Legal Aspects;" Dr. Carlo Scuderi, Chicago, "Whiplash Injuries: The Medical Aspects;" P. F. Stedman, Auto-Owners, Russell B. Weltman, claims supervisor, Employers Mutual Casualty, and Darwin L. Cooper, claim analyst, State Farm, all participating in a panel entitled "Fast Track Claims;" and Howard Farrell, president, Glass Loss Clearing House Assn., who spoke on the association's "Insured Paid Insignia" plan.

A report in two parts was then offered by the claim arbitration agreement committee. Chairman J. L. Lillesand, Rural Mutual Casualty, outlined some of the problems which the committee had run into during the last year. These seemed to have been

primarily of a jurisdictional nature, and he reminded his audience that the committee limits itself to those cases involving automobile subrogations. He also urged member companies to become represented on the committee.

### Second Half Of Report

Vice-chairman Thomas G. Rigling, Pennsylvania Threshermen & Farmers Mutual Casualty, in his half of the report, said that the committee had received over 750 pieces of correspondence, "much of which was unnecessary, and based upon a lack of knowledge." He then went into the procedure of submitting cases to the committee, and reminded his audience that it should be utilized only "when a conclusion by companies is impossible; it is not a substitute."

Newly elected committee members are: Thomas Mueller, Market Menn Mutual; Vincent Lennon, Federal Mutual of Decatur; and Elmer Simons, Frankenmuth Mutual.

Rev. Clarence Rahn of Temple, Pa., concluded the meeting with a talk entitled "The Wheelbarrow," which the audience found highly humorous.

### Hatch Named President Of Pa. Insurance Federation

Insurance Federation of Pennsylvania has elected the following officers: President, Kenneth B. Hatch, president of Reliance; vice-presidents, William Elliott, Philadelphia Life; Samuel J. Carr, Standard Accident; William B. Corey, Provident Indemnity Life; Stanley Cowman of Mather & Co.; Ralph C. Dare, Artisans Order of Mutual Protection; Theodore A. Engstrom, Aetna Life; H. H. Gilkyson Jr., Chester County Mutual; William M. Guthrie, Pennsylvania State Council of General Contractors; Edward A. Logue, American Home, and J. Maxwell Smith, Keystone Auto Club.

Other officers are: Treasurer, John H. Hoffman, America Fore; secretary-manager and general counsel, Homer W. Teamer, Philadelphia, and assistant secretary, Mrs. Helen M. Heckert, Philadelphia. John A. Diemand, president of North America, was elected chairman of the executive committee and Thomas A. Bradshaw, president of Provident Mutual Life, was named vice-chairman.

### Clear Four Charged With Auto PHD Claim Frauds

Two former employees of Emmco and two auto repair garage owners were acquitted in federal court at Pittsburgh on charges of conspiring to defraud the insurer of payments for false and exaggerated auto PHD claims. Emmco had complained about the large PHD claims paid the garage owners. The company paid \$272,677 in three years, and estimated that about a fourth of this was falsely claimed or went to pay inflated claims. The jury cleared all of the defendants and the former Emmco employees—John K. Kelly, Pittsburgh manager, and Raymond Hertzog, adjuster—recovered their interest in the company's profit sharing plan.

### Dakota Fire Has Good Start

Dakota Fire of Bismarck had its certificate amended to allow the writing of full coverage auto, inland marine, personal liability and theft insurance in addition to fire and allied lines. The company began business January 7 and in the first quarter increased its gross surplus from \$377,089 to \$422,775.

D. A. Taylor, formerly with Inter-Ocean Re of Cedar Rapids, Farmers Mutual of Madison and A. E. Strudwick Co. of Minneapolis, is manager of Dakota Fire. The company has 260 agents in North Dakota.

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## Big Turn-out At Arkansas Agents' Meeting

(CONTINUED FROM PAGE 2)

compensation law—either by legislative act or initiated act. This action followed an address by Carl R. Stout, works manager of Aluminum Co. of America at Bauxite, Ark., who warned of the increasing "social-concept" interpretations of the WC act by the courts and the need for a redefinition of the term "compensable injury."

Commissioner Harvey G. Combs and his staff won an accolade from the agents for "a continued fine administration" in the face of increasingly difficult and complex regulatory problems involving property and liability insurance.

The Allan Kennedy memorial award, given each year to an agent or a local board for distinguished service to the agency system, was won by Jonesboro Insurers.

The dramatic highlight of the convention was the announcement by Commissioner Combs Friday morning at the first general session that he had approved the filing of homeowners policies A, B & C by Arkansas Inspection & Rating Bureau on the previous afternoon in Little Rock.

### Receives Applause

His announcement brought big applause from Arkansas agents and company men who in recent weeks have been pressing bureau authorities to make a competitive homeowners filing following approval late in March of the independent homeowners filing of North America, a non-subscriber to the Arkansas bureau for dwelling classes.

In a few brief remarks Mr. Combs reminded the audience that "the day is here when the package policy is coming into its own." Commenting on the problems of state regulation, he said the work of the department had increased five-fold since he took office five years ago.

Philip S. Beebe, new chairman of the board of governors of Arkansas Inspection & Rating Bureau and western manager of Hartford Fire, invited better industrywide understanding and cooperation among companies and agents for cementing good working relationships.

"Things have not been going smoothly for you on the agency side, or for

us on the company side, and the bureau has had its share of troubles," he said. "It does seem we are all doing a little better this year, and I feel sure that if we all work together, even if it involves some sacrifice for us individually, we will eventually find ourselves on solid ground again. The one thing we cannot afford to do is to lose faith in each other. . . . It is inconceivable to me that we can do other than to cooperate together for the common good."

Another highlight was a forthright and free-swinging address, "There's Plenty of Work to be Done," by Morton V. V. White, Allentown, Pa., member of the executive committee of NAIA, who drew a big ovation from the Arkansas audience which he had held spellbound for 45 minutes.

Robert T. Foote, superintendent of production and research of Hartford Fire at Chicago, brought the morning session to a close with an address, "Your Opportunities in Selling Package Policies," in which he reviewed in some detail the essential features of the new bureau homeowners filing. The "packaging concept" has penetrated merchandising in all lines, he pointed out, and the public is already conditioned to package buying.

### Add Texas To Mutual Of Omaha Medicare Operation

Mutual Benefit H. & A. has been assigned the administration of dependents' medical care program (Medicare) for Texas. Major General P. I. Robinson, executive director of the Medicare program, and Gale Davis, vice-president of Mutual of Omaha, announced the appointment jointly, Mr. Davis noting that the addition of Texas increases the Medicare operation of Mutual of Omaha nearly 23%. The company is now administering \$18 million in 19 states for the government, the entire operation on a cost reimbursement basis.

### Hiers Heads S.E. Claim Group

James B. Hiers Jr., Southern of Atlanta, is the new president of Southeastern Claim Executives Assn. The other officers are James M. Bates, Audubon of Baton Rouge, vice-president, and Roscoe Womack, American & Southern, secretary-treasurer.

The convention got under way formally Thursday afternoon with the business session in which Lawrence Derby, Warren, state national director, opened the proceedings with a review of recent NAIA actions and activities.

President Thompson Hargraves Sr., in his report of administration complimented the association for "going over the top" in its cooperation with the NAIA advertising program, and which won, for the association, the Dave Garraway award. He praised the work of the new manager, Gene Fort-

son, who, he said, has done "an excellent job" for the association since he succeeded E. Kearney Dietz on Jan. 1, when the latter became manager of the Tennessee association.

The local board breakfast Friday was attended by a large group, representing 13 of the 19 Arkansas local boards, to hear the association's counsel, Bernal Seamster, outline legal problems confronting local boards stemming from federal court decisions involving the New Orleans, Cleveland, and Harlingen, Tex., associations.

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## Reply To New N. Y. Auto Rate Arguments

(CONTINUED FROM PAGE 5)

rate making purposes is confined to "underwriting profit."

The reply brief quoted the department's chief actuary in connection with the Allstate filing, which was approved last September: "Based on the foregoing figures, your company should have available to it 3.5% for profit and contingencies. We find that a prospective return from underwriting operations of 3.5% is entirely consistent with rates that have been approved for other carriers."

The brief also presented an extract

from "Examination of Insurance Companies" by Joseph F. Collins, chief of the rating bureau of the department. The introduction to this official publication states: "In connection with reviews of experience for purposes of considering the reasonableness and adequacy of rates it has been a general practice to consider the premium dollar as broadly consisting of the following parts: Provision for losses, provision for expense, and provision for underwriting profit. Insurance rates, in effect, may be considered as

the charge for expected losses plus a loading for expenses and underwriting profit."

The attorney general argued at Albany that the purpose of the January hearing, after which the superintendent's disapproval was reaffirmed, was only to provide the bureaus with an opportunity to answer his views and that there was no requirement that he should present counter evidence to the bureaus' exhibits and testimony. This referred to the failure of department experts to testify at the hearing. The bureaus' reply brief contends that the superintendent "may not sit back, present no evidence and rely in his presentation to the court on materials and contentions which the petitioners had no opportunity to test by cross examination or meet by rebuttal." The bureaus cite precedent from the U. S. Supreme Court, which ruled in a railroad rate case that "a finding without evidence is arbitrary and baseless."

### Customary To Express As Percentage

With regard to the superintendent's disapproval of increases because the loading for general administration expense was predicated on an unsound basis, the reply brief points out that it has been customary for many years in almost all jurisdictions, including New York, to express the provision in the rates for these expenses as a percentage of premiums based on the countrywide ratio of such expenses to premiums. The superintendent has offered no evidence to prove that this method over-allocates these expenses to New York, and there is no proof in the record to support the use in New York of the countrywide average of \$2.94 per car. In fact, the only evidence of record indicates that general administration expenses are 50% higher in New York than elsewhere, the brief states. It holds that the percentage method has been used for years in approved New York filings and can scarcely now be said not to meet the requirements of the law, the bureaus contend.

### Denies Unit-Basis Claim

The bureau brief also denies the attorney general's claim that the superintendent used the so-called unit basis of allocating general administration expenses in the case of the approved Allstate filing. All he did there, over Allstate's protest, was to cut the allowance for these expenses by 1.5%. The ratio cited by the attorney general between Jefferson county, where \$2.12 was included in the rate for expenses, and Kings county, which absorbed \$21.28 for the expenses, would not be affected by such an across the board reduction.

"The use of the percentage basis for expressing the provision in the rates for a residual item of expense is neither novel nor without reason," the reply brief states. "In addition to the higher costs of doing this business where losses are high, it is not unfair to have those whose accident rate is the highest bear the largest portion of small, residual amounts of expense that are unallocable anyway except by some formula. Is it fairer to use a uniform dollar amount loading and thus require the resident of a rural community with a favorable accident record to contribute a much higher percentage of his premium to general administration expense than the resident of a city with a high accident record?"

In its conclusion the brief asks that the superintendent's disapproval be declared invalid and the filing deemed effective. It dismisses the attorney

general's contention that this would involve the court in rate making and in a trespass on the superintendent's powers for, unlike the public service commission, he does not make rates. The insurers make the rates subject only to his veto on specified, statutory grounds.

"If, after the rates have become effective, the superintendent should have any valid evidence that they are excessive, the insurance law affords him ample remedy," the brief asserts.

## N. C. Dentists Say Health Plans Misleading Patients

North Carolina Dental Society at its annual convention at Pinehurst charged that health insurers are selling policies to patients promising complete coverage but actually not providing for surgical services performed by a dentist, even though such service is spelled out in the policy.

The society adopted a proposal by its insurance and adjustment committee to conduct an all-out campaign to get the legislature to amend the general statutes to require companies of the Blue Shield plan to pay for services rendered by dentists or to exclude such services specifically from the printed provisions of the policies.

Dr. Edward Austin of Greensboro, chairman of the committee, said a review of brochures published by Blue Cross and Blue Shield list some 30 procedures commonly handled by dentists. Yet when these procedures are performed by a licensed dentist, the companies notify the patient they are sorry not to honor the claim because the surgery was not done by a physician licensed for the practice of medicine.

He said a minor amendment by the 1957 legislature placed payments for dental services on a "permissive basis," but that he did not know of a single claim paid since the amendment was adopted.

Recommendations approved by the society urge dentists to discuss the proposed legislation with their local legislators.

## Mich. Insurer Attorneys Set Up Lawyers Council

Insurance Lawyers Council has been organized in Michigan for attorneys employed in an executive capacity with casualty insurers in the state.

At the first meeting at Frankenth, James Kilburn of Wolverine was elected president; Donald Rhodes of Citizens Mutual of Howell, vice-president, and Clarence Slocum of Detroit Auto Club, secretary and treasurer. The first meeting drew 20 attorneys who became charter members.

## Name Tefft President Of First Of Georgia

Donald E. Tefft has been elected president of First of Georgia, succeeding Fred A. Ware, who becomes vice-chairman. Mr. Tefft, formerly western manager of Providence Washington, joined the company in 1956 and was vice-president and general manager during the organizational period.

## Royal Palm Club Meets

Royal Palm Club, comprised of outstanding agents of American Fire & Casualty, observed its 30th anniversary at a meeting in Orlando. Company officers reviewed current conditions in the business, and E. A. Faircloth, assistant commissioner of Florida, spoke on the causes and remedies for increasing automobile rates. Mr. Faircloth said when the public realizes that responsibility for higher auto rates rests on drivers themselves, there will be enthusiastic support of highway safety programs.

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# Agents And Insurers Will Have To Do More Merchandising

(CONTINUED FROM PAGE 15)

agents alike, is producing for many companies quite high loss ratios—largely as a result of C.

One insurer is conducting a campaign to get agents to give it their A and B business and give a competing insurer, which writes a lot of homeowners, the dreaded C.

But homeowners, the dwelling package, still is regarded about as favorably as any line, which is saying something, if not much, in these times.

Homeowners, or its successor, has become a fixture in the insurance business. Yet, for an insurance form that is comparatively quite new, as insurance forms go, homeowners has undergone considerable modification since its inception, and is undergoing more.

## Are Several Variations Already

Already there are several variations in homeowners, both in form and price. Whatever packages there are and whatever the ones that are developed, this variation is likely to be characteristic of the business in the years to come. This imposes on the agent two problems, one the chore of simply keeping current with the variations, company to company, and the other the task of meeting competition in both price and form.

For there is one thing that packaging does—it brings under competition every line on the books, dwelling, commercial and manufacturing. There never was a time when it was easier for the newcomer to get a toehold in the fire and casualty business—especially the fire business. In the old days, fire lines were traditionally slow to change hands; today they, too, are daily as competitively vulnerable as the traditionally faster moving casualty lines.

The package that is made relatively simple to handle may be sold by any agent, one-company or multi-company. Consequently, it has to be a product that is competitive as to price and form, and it has to be merchandised.

## Charge Same Premium

In Indiana and Michigan a few companies are selling homeowners successfully by charging the same premium for each installment, including the first? Mortgage institutions like this fine and are cooperative as anything.

Homeowners, it is said, is being sold for five years in some jurisdictions, and it seems likely that the five year term for dwelling business, at something like the old discount, will come back. One reason for this is

that not all companies with a large volume of business in the dwelling field reduced the term discount for five years when it was generally done last year.

One or two companies now have included with homeowners an amount of life insurance sufficient to pay off the mortgage in case of the mortgagor's death, and enough A&S to pay off the mortgage in case the mortgagor is disabled. This combination, this addition of another pocket in the package, is said to be going reasonably well. Local agents are selling it. Mortgage redemption is, of course, a popular form of life (and A&S) insurance. It is popular with both the wife and the husband. The inclusion of mortgage reduction life insurance in homeowners is a device designed (1) to get life business and (2) to get the local agent into life production.

One in every six homeowners age 35 probably will not live to complete payments on a 20-year mortgage, according to an article in the May issue of *American Home*.

The combination of homeowners and mortgage reduction life insurance is of importance, for one reason, because it shows what can be done by an insurer that has both fire and life facilities under one roof.

## Are Other Indices

There are other indices of the increasing parallelism between life and fire and casualty, which point to the possibility that some time in the future the fire-casualty agent will have to sell life in order to protect his position, or at least make a working agreement with a life agent in his community.

Note that the life companies steadily are assuming a larger and larger proportion of the A&S business in this country. Note also that the life companies are not used to losing money, and this is another influence that will exert its effect. The increasing affiliation of life and fire and casualty companies already is having its effect in emphasizing those considerations due ownership, including the making of a profit. In this connection, 1957 was an object lesson in reverse for the fire and casualty business. The life business never made more in its history.

Establishing a genuine life department in a local agency is not easy. One successful agent has spent six years and \$45,000—and isn't successful in it yet. But he is still at it. He is determined to make a success of it, and he is optimistic. He realizes more

than ever that he has to do it, that not to do so leaves open one avenue by which his client can be approached and taken away from him.

It is estimated that 40% or more life agents sell fire and casualty. What percentage of fire and casualty agents sell life? Probably not 20%. While many life agents sell fire and casualty desultorily, what if their life company, which they are supposed to represent exclusively for life, should purchase a fire and casualty affiliate?

In this situation, guess whose business is most vulnerable?

It is a long cry from the days when selling life insurance consisted of high pressure, cold canvass, cold turkey sales of \$1,000 or \$5,000 policies, when

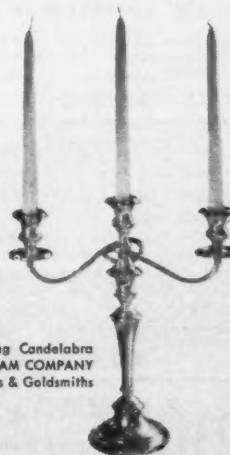
sales often were closed by the salesman vividly describing the sudden death of the breadwinner. This was making the sale by prying open the coffin.

## Selling Living Insurance

For many years, now, intelligent life companies have been selling living insurance. They have been selling by consulting. They have devised a dozen highly marketable packages, policies and programs. Local agents may have heard of some of them bought by their clients from other agents—key man, double dollar, jumping juvenile, family plan. The family plan is one of the real packages in life insurance. It has aroused as much discussion of packaging among life insurance people as homeowners in the fire and casualty business. Though only brought out a short time ago, already it is account-

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ing for something like 25% of new life sales.

This is not the kind of stuff they shove down the throats of unwilling prospects because it is good for them, like castor oil.

Shrinking markets in auto and some other lines make it significant to the local agent that life (and to a large degree A&S) is a line which can be sold rain or shine. The underwriting problems are so minor as to be negligible. The agent has one objective and one measurement of success—the sale. He is not, as is the local agent, having

to exert judgment as well as sales effort. He does not run the chance of having his company wipe off his books a bunch of his business. The life business he sells stays on the books as long as the premium is paid. It is against the law to twist a life policy, which means that a competing agent cannot come in and replace it with another policy.

True, the agent gets only 10 years of commission on life, but his first commission is 50% or more on most life business, and if he only gets 5% for each of nine years thereafter, those

nine years are protected by law against competitors.

What is the average life of a dwelling policy in modern times in the same agency? Assuming that it is 10 years, on homeowners policy written for a premium of \$300 for a term of three years and a commission of 25%, the agency in 10 years earns a total of \$250.

#### More Commission On Life

On the sale of an ordinary life policy which develops a premium of \$300, the agent earns \$150 in first

year commission, and 5% in each of nine years thereafter. This is a total of \$280—or \$30 more than on the homeowners. But the homeowners is subject to competition at any time, and unquestionably has more work attached to it. There are apt to be a good many more endorsements to be attached to a homeowners policy in 10 years than for a life policy in the same period. The life policy is not subject to competition and is seldom subject to endorsement. To those agents having trouble selling their companies automobile business it might be pointed out that companies love a life agent.

In 10 years it would be remarkable if the person who bought the \$300 of life insurance did not need more of it. It is true also that in that time insured might have purchased a larger house, more furnishings, etc., and need more homeowners. But the life insurance needs, particularly if the agent is starting out with a 30-year old man married and the father of one child, will grow rapidly. There will be need for mortgage redemption, clean-up, education, retirement, etc.

When it comes to commercial situations, there are and have been for many years a considerable number of opportunities to place substantial amounts of various forms of life insurance. In fact, some of these items are asked for by clients of local agents—but mostly they ask a life agent. Key man insurance is one, group life insurance is another, partnership survival, business life insurance, etc. Here, the agent is dealing in large premiums and more dollars in commissions.

Because the sale is practically the only objective with respect to life insurance, would this be one way a local agency can inject younger blood into its operation? If the agency is too small, why not make a deal with a good life agent? In some cases, wouldn't it be possible to combine with a life agent who is operating locally, and share expenses and leads?

#### Are Coming Closer Together

Life and fire and casualty are coming closer together in other ways that are bound to influence merchandising. One monthly premium payment plan for all forms of personal insurance including life and A&S has proved highly successful. Certainly this illustrates again, if the point needed illustration, that many Americans who pay so many other obligations in monthly installments would like to pay their insurance premiums in the same way.

The plan is designed to make it easier for the agents of the company to write combinations of policies and influence many agents to solicit business which formerly they did not consider worthwhile because of the relatively small commission on individual lines alone.

Though a one-year or three-year premium may look pretty large to a prospect, when it is broken down into monthly payments it comes within his means and he more readily assumes it. Consequently, the monthly payment program enables a company to meet price competition in markets where there are substantial price differentials.

Interestingly enough, the appearance on the scene of a popular monthly premium plan has increased astonishingly the business of one premium financing institution which collects premiums in monthly installments for agents and companies for both personal and commercial fire and casualty business.

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## Mutual Agents, HO Men Share Problems

(CONTINUED FROM PAGE 2)

agency grows to a certain point through the agent's personal efforts, then hits a plateau. An agency cannot shift its sales force to bookkeeping, any more than a company can, and make money. The solution to the problem of mounting agency costs is, in addition to adopting every reasonable labor saving device and short cut, working to increase the production time of every producer, turning details over to others and thus bringing in more business to pay the overhead.

On meeting competition, Mr. Gingher said—and this was echoed by the other panel members—the best and surest steps are account selling, diversification and nursing one's present clients. The most severe competition is from specialty underwriters. Agents lose single policies to them—but they seldom lose accounts, if they have done a good selling and service job. Mr. Gingher told of a successful agent who took his son into his office and assigned him to soliciting new accounts. A little later, he took in his son-in-law and, more or less to mark time, sent him out to call on clients at renewal time. Soon he was amazed to find that the son-in-law was writing more new business from old customers than the son was from new accounts.

### Agents' Basic Job Is To Sell

Mr. Minzey said he would try never to forget to "ask them to buy" and that an agent's basic job, no matter how details may change, is to sell insurance. Keeping that in mind will make it much easier to accept changes. He said he would deal only with companies in which he has complete confidence and would not be afraid it is heading for direct writing just because it proposed some form of mechanization or centralization of detail handling. When people talk of reduced commissions, Mr. Minzey suggested asking "reduced from what?" Commissions rates have never been uniform and agents have been successful and unsuccessful at all ranges of rates. As an agent, he would be concerned with net income, not percentages. As much as possible, he would let his companies perform the operations which cost money and on which mechanization can reduce the chance of human error. Before he complained about losing money on a policy with a \$15 premium, he would find out why he is not selling that customer more insurance and try to do something about it. He would face the fact that people buy almost everything on installments, would use installment payment plans for his customers and would by all means avoid commingling of his funds and his companies'.

Mr. Cox said he would ask himself what he is selling and what he wants. No independent agent should delude

himself into thinking he can sell on price—he should seek a job with a direct writer if that is what he wants. He must know his companies and their business policies and adjust his representation to the market he wants to sell. One of the most important factors in the operating costs of both agents and companies is that occurring after a policy is issued—correcting endorsements, correspondence with underwriters, etc. Getting all needed information in the first place, keeping company policies in mind and passing on all the information is a most important step in underwriting on the agency side and a great cost saver.

### Critiques Agency Plant

Leading off for the agents, Mr. Thompson said that if he were a company executive he would examine his agency plant carefully and make it clear to his field men that they are not under pressure to have an agent in every village in their territories. He would go a long way with desirable agents in underwriting and would encourage agents to represent fewer companies—to the point of making it clear to a field man that he is not disgraced if a good agency decides to get along without his company. He would not be ashamed to learn from competing types of companies, nor to adapt to his use any of their methods which seem desirable.

Mr. Boteler amused the audience by assuming that all agency mutual companies in the country had been merged and that he was chief executive officer of the "Giant Mutual." He saw the major problems as loss ratios and the political difficulties of getting needed rate adjustments and said he would devote most of his time to them. He would fight for adequate rates and avoid paying dividends out of surplus. He would recognize that agents exist to sell insurance and that the decisions on company management problems are the responsibility of management.

### Stay Off Band Wagons

Mr. Parsons said he would be open minded on matters like direct billing, but would want to be sure they would really save costs and would fit into the operations of his company and its agents—not jump on a band wagon just because aggressive competitors use them. He would analyze every procedure in the light of the multiple company representation of his agents. He would avoid broadening coverages where rates are inadequate, would consult agents on new forms and would do everything possible to improve the caliber of bureau personnel.

In the abbreviated discussion period, there was much interest in the future of loss ratios, something which almost every speaker had mentioned. Mr. Minzey said he does not think automobile loss ratios will ever go

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back to what was considered a desirable level before the war, because of the quasi-public utility character of this business. Naturally, he hopes the business can be brought out of the red, but, in his opinion, both agents and companies must adjust themselves to a permanently higher ratio, leaving less out of the premium dollar for agents and companies. Mr. Cox was more optimistic about fire and allied lines, but said it will be a long, hard underwriting struggle. On the matter of number of companies in an agency, Mr. Ginger said it is impossible to lay down any standard. No two agencies are alike, but Mr. Ginger agreed that it is foolish for a company to try to get in or stay in even a very desirable agency which does not need its facilities.

W. H. Rodda, secretary Transportation Insurance Rating Bureau, opened that session with a discussion of package policies in a mass market, pointing out that mass selling has not eliminated the need for professional competence. A panel on community level advertising Wednesday morning featured C. R. Gruver, Philadelphia; W. E. Billings, Niagara Falls, and C. E. Spencer, Danville, Ill., with Otto Lee, Harleysville, Pa., as moderator. There were two inspirational talks, both well received, one at the opening session by Dr. B. G. Gross, Chicago psychologist, and one at the closing session by Dr. Charles Wellborn, Waco pastor.

## News Of Field Men

(CONTINUED FROM PAGE 24)

with headquarters in Shreveport, to replace Norbert W. Johnson, who has resigned. Mr. Cauby has been with the company since 1954 and was appointed a special agent in Arkansas in 1955.

Douglas F. Wadsworth Jr. has been appointed at Little Rock to succeed Mr. Cauby. He was with the Texas department for several years before joining Aetna at the home office in 1957.

John P. Boland has been named special agent in north Texas with headquarters in Dallas, to fill the vacancy following the recent transfer of John R. Goddard II to San Antonio. He joined Aetna in 1957.

Robert M. Gustafson has been assigned to the western Pennsylvania field at Pittsburgh. He succeeds James H. Hudner, who resigned to enter the agency business in New England. Before joining Aetna in 1957 he had been in the agency business and since then he has been at the New Jersey service office.

### Kitchens In New Ga. Field

Hartford Fire has named J. Logan Kitchens special agent for the newly established territory of eastern Georgia with headquarters at Savannah. Mr. Kitchens joined the company in 1947 and has served as an adjuster and special agent in North Carolina.

### St. Louis Blue Goose Elects; Initiates 18

George A. Allen, Western Adjustment, supervisor of St. Louis Blue Goose International for the past year, has been named Most Loyal Gander of St. Louis pond, succeeding Joseph F. Lisy, Home.

Other officers elected are: John E. LaPeire, Phoenix of Hartford, supervisor; Marvin H. Sehnert, American, custodian; Archie E. Pentland, Missouri Audit Bureau, guardian; Oscar W. Showalter, New York Underwriters, keeper; and Bailey T. Turner, North American, wielder.

In the initiation ceremonies 18 goslings took their first swim. Twenty-five year pins were presented to Kip C. White, Underwriters Adjusting, Chicago, and Verne J. DeGuire, state agent Home. Earl A. Spink, formerly with Fireman's Fund, now residing in Ormond Beach, Fla. was honored with life membership credentials.

Special memorial services were held for seven pond members who died since the 1957 meeting: Fred G. Fuessel Jr., E. P. Kiesler, Frank W. Hoffman, R. W. Whitacre, D. H. Ferrell, Carston E. McDaniel, and George W. Steinkamp.

### Neb. Fire Assn. Plans To Inspect Eight Towns

In an attempt to hold down major fires, which last year cost the state 11,300 lives and property losses of \$1,275 millions, Nebraska State Fire Prevention Assn. has appointed five men to make plans for holding eight town inspections, and to instruct capital stock companies to publicize fire prevention messages.

The annual meeting also saw the following new officers elected: Paul Taylor, state agent Springfield F.&M., president; U. Cone Johnson, state agent Aetna Casualty, vice-president, and Frank Herrick, state agent Royal-Globe, secretary-treasurer.

### New Hampshire Names Two In Md., Del., D.C., N.Y.

New Hampshire Fire has appointed Francis E. McGillan Jr. special agent for Maryland, Delaware and District of Columbia. He succeeds Craven P. Pearson, who has resigned. Mr. McGillan was formerly special agent in this area for Commercial Union, and prior to that was seven years with General Adjustment Bureau. He will be at Baltimore.

Lawrence R. McManus has been named casualty special agent in Westchester county and Long Island, N. Y. He will be attached to the New Haven office.

### Fund Names Conner To N. C.

Gober Conner has been named special agent for the northwest territory

of North Carolina by Fireman's Fund. He will operate out of the newly opened Greensboro office, which represents one of the four territories that the Fund has recently divided the state into.

Mr. Conner has 12 years' multiple-line experience with various other companies.

### St. Paul F. & M. Names Two Field Men In Iowa

St. Paul Fire & Marine has made the following appointments in the Iowa field:

Edward B. Jobe, special agent to travel northeastern Iowa; Conway G. Olson, special agent, northwestern Iowa.

Both field men will be under the supervision of Manager M. Toussaint, with headquarters at Des Moines.

### Pacific Employers Names Green, Summers At Denver

Pacific Employers has named Ray L. Green manager of the Rocky Mountain division office in Denver. Mr. Green joined Pacific in 1956 and until his promotion was special agent in Colorado. Also in the Denver office, Edward Summers has been appointed special agent.

### Great American Appoints Pantages In S. F. Bay Area

Harry G. Pantages has been named field supervisor for Great American group covering the San Francisco-East Bay area, supervising casualty and surety operations. He has been in the Sacramento valley, and was also in agency and company activities in the Pacific northwest before joining Great American.

### Behr Is Ill. State Agent

North British has appointed Theodore J. Behr as state agent at Chicago. He succeeds John J. Flood who has resigned. Mr. Behr has been in the northern Illinois field for the group.

### Pearson In Md., D.C. Field

Aetna Fire has appointed Craven P. Pearson special agent in Maryland and the District of Columbia with headquarters at Baltimore.

### Williams Joins Wabash F. & C.

James L. Williams has been appointed special agent in Indiana for Wabash Fire & Casualty, handling the northeastern part of the state with headquarters at the home office in Indianapolis.

Pittsburgh pond of Blue Goose held a spring dance at the Youghiogheny country club. It was the final affair at which MLG Frank L. Meyers officiated.

Alamo Field Club of San Antonio inducted Devine April 23 with 21 members participating.

### Allstate Names Robinson V-P Of West Central Zone

Stafford J. Robinson has been installed as vice-president of the new west central territory, an 11-state area consisting of the Dallas, Denver, Houston and Kansas City regional offices. It is Allstate's sixth zone territory.

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California Positions

Male—Female

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Rates—\$20 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

### WANTED FIRE AGENTS

A NEWLY DEVELOPED COMMISSION INCENTIVE PLAN. Providing substantially higher commission potential. Available to agents controlling good volume of top grade FIRE lines.

Write Box NY-1861, 125 W. 41st St., New York City, New York.

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Write for information on opportunities with NOTIFIER'S NATIONWIDE ORGANIZATION selling and servicing fire detection, sprinkler supervision, plant protection, and municipal alarm system. Dealerships are available and can be allied closely to insurance agency or insurance sales work.

NOTIFIER CORPORATION  
Dept. NU Lincoln 8, Nebraska

### AGENCY AND HOME FOR SALE—SOUTHWEST

General insurance, real estate, and home loan agency with excellent opportunities in fast growing city of 15,000 in northern Arizona with high, dry, healthful climate. Licenses can be arranged. New custom home and separate apartment. \$22,500 will handle. Box A-54, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### HELP!

SPECIAL AGENTS AND INSURANCE COMPANIES Do you believe that price sells insurance? We want to compete with the direct writing companies. Chicago and suburban area. Write Box A-57, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### AVAILABLE FIRE UNDERWRITING MANAGER

19 years heavy and extensive Home Office experience. Some multiple line and inland Marine. Age 47, married, 3 youngsters. Will relocate. Address Box A-62, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

### SALES MANAGER A & S INSURANCE

Requires strong background and proven record in Sales Management. Applicants must have thorough product knowledge. Will direct the Sales operations in Allstate's new line, Accident and Sickness Insurance throughout the U. S. Position is at the Home Office Staff, Policy-Making level. Submit complete resume and salary requirements in confidence to:

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### WANTED:

A Lawyer with experience in Claim Department Management involving Automobile Material Damage Claims. To be located in Chicago. Give experience and references. Address Box A-56, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### Want General Agency Contract

Oklahoma and Kansas  
Oil Field Equipment and Cargo  
Established Agencies  
Address: 1326 Hunt Building  
Tulsa, Oklahoma  
OR  
207 Mercantile Bldg., Okla. City, Okla.

### Position Wanted

CPCU, married, 30 years old, desires position in Agency or Sales Supervision or as Executive Assistant. Five years direct writer sales and management, three years stock agency experience. Thorough multiple line background. Presently employed. Address Box A-63, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.



## PHD Losses Up; Rate Increases Ahead

(CONTINUED FROM PAGE 1)

president of NAUA, and Mortimer E. Sprague of Home, treasurer, were returned to those posts. Howard S. Omsberg continues as secretary-manager.

Nine new directors were elected. Directors at large are Roger D. Billings, vice-president of Great American; James M. Bugbee, vice-president of Maryland Casualty; James L. Dorris, president of Hanover; C. J. Haugh, vice-president of Travelers Indemnity, and T. B. Kelley, vice-president of Commercial Union-Ocean. Regional directors are F. A. Seiler, vice-president of American Surety, east; A. J. Stockmiller, manager of London & Lancashire, Pacific coast; A. G. Trundle, manager of Aetna Casualty, south, and Frank L. Ludington, manager of Atlas, west.

The eastern regional committee, which is also elected at this meeting, consists of H. F. Thompson of Aetna Casualty, Frank G. Haley of America Fore, Mr. Seiler, W. C. Wideman of Camden Fire, R. A. Leet of Glens Falls, A. J. Weckerle of Great American, C. C. Boaz of New Amsterdam, A. E. Lehman of North British, H. C. Stocker of Northern Assurance, J. A. North of Phoenix-Connecticut, Melvin Karpf of Service Fire, G. L. Parker of Sun, J. F. Harris of Travelers, W. H. Kincannon of U.S.F. & G., and James Strain of Yorkshire.

### Auto PHD Showed Loss

Automobile PHD showed an aggregate loss in 1957, Mr. Seymour observed. During 1957 and thus far in 1958 revised rates have been put into effect in all but two of the states and territories in which NAUA is licensed. The increases have ranged as high as 17% statewide. More significantly, in 19 of these states rate adjustments were approved in 1957 and again in 1958. In these states the combined effect is an average increase in excess of 20%. In the remaining states the first round has resulted in increases averaging nearly 10%. The loss indications now under consideration call for further comparable adjustments, and rate filings will be made as promptly as possible.

In dollars, he said, the 1957 revisions added \$70 million to the annual premium income and the 1958 revisions thus far represent an additional \$30 million. This rate relief was badly needed. The upward loss trend reflects primarily a steady increase in the average claim paid. This is, of course, the product of increases in cost of repair parts and of labor and of the shift to more complex automobile styling.

### Glass Claims Create Problems

Comprehensive coverage is a problem chiefly because of glass claims, so many of which now involve expensive wrap-around, tinted windshields, and the like. In some territories rate increases for comprehensive exceeding 50% were necessary. This is an acute and pressing problem which perhaps is not susceptible to correction by rate treatment alone, he said, and a special committee of NAUA is studying it and expects to make its recommendations shortly.

During the past year important changes were made in the rating formula, Mr. Seymour added. The experience period was reduced from three years to two and new weighting factors of 70% for the later year and 30% for the earlier year were adopted. In

addition, use of the cost of living index factor to adjust losses was discontinued in favor of the automobile repair index published by the U. S. Department of Labor. These modifications have the effect of making the rating formula more responsive to changing conditions. Furthermore, following a special meeting of the membership, a specific catastrophe loading was included in the formula for the first time.

The changes in the fleet formulas reported last year have been introduced in every state except Michigan where it is hoped that current negotiations will result in adoption of the program.

### Progress Toward Uniform Codes

NAUA and National Bureau of Casualty Underwriters have made considerable progress toward establishing uniform rating and statistical definitions and codes. During 1957 this uniform territorial program was adopted in 26 states and territories and will be instituted in others as rapidly as possible.

NAUA and National Bureau have cooperated closely in the matter of common effective dates. Since this is a subject which is of practical concern to both companies and agents, he commented that while the program has advantages, it also has some important disadvantages. Occasionally it means that one organization will inherit the problems of the other, leading to delays at best. When this has happened, recognizing that adequate rates are of first importance, the two rating organizations have by common consent gone separate ways.

A dealers' program became effective in most states on May 1, he stated. This included changes in rates and the minimum premium rule, the modification of forms, and the introduction of several new coverages in order to meet more exactly the dealers' insurance needs today.

### Volume Reaches All-Time High

NAUA has 457 members and subscribers, and the volume of work handled by the statistical division reached an all-time high in 1957 when over 53½ million punch cards were processed on a volume of \$1,068,000,000, 6.2% greater than in 1956. However, one reason for the increase in punch card work was that as the statistical agent for most insurance departments, NAUA is again, as was the case a year ago, engaged in a very large tabulation job. This special tabulation is being made at the request of a subcommittee of National Assn. of Insurance Commissioners, which is continuing its investigation of private passenger collision risks.

One of NAUA's prime responsibilities is to try to maintain reasonable rate levels, and it has been a year of intense activity. NAUA was required to attend more hearings during the past 12 months than during the previous 10-year period, he declared.

"While we realize that most questions have two sides—at least—we believe that the rate filings we made were substantiated by the supporting figures prepared in the accepted manner," he said. "Some of our difficulties were caused by outside pressures, which makes us wonder, of course, whether we have told our story as effectively and widely as we should. We are not the only ones who are

thinking along these lines and there seems little doubt that during the coming months public relations should be one of the foremost subjects for consideration."

While there has been a lull in the record-breaking car sales, no one believes it is anything but temporary, he declared. The number of vehicles on the road continued to gain in 1957 with a new peak of 61,208,000 units. There is no doubt that companies and producers are faced with a continually expanding market.

New car models which the industry plans to introduce as early as September will be lower and larger, with bodies wider and longer, lots of chrome trim, more extensive use of glass and possibly more types with tail fins. The styling will be even more luxurious, with more sculptured effects. Labor costs will in all probability increase. Thus all the indications point to still higher average claims costs, he said. There seems to be little reason for optimism as to any downward trend in loss frequency until the public demands a degree of law enforcement to meet the traffic accident record. The combination of rising costs and increasing automobile population with no expectation of a miraculous change in accident frequency just adds up to higher insurance rates.

### Ill.-Ia. Claim Service Now In Burlington, Ia.

Illinois-Iowa Claim Service, Rock Island, Ill., has opened an office at 719



H. E. McCormick

F. & M. Bank building, Burlington, Ia. The firm, which has another branch in Davenport is now in its 10th year and recently changed its name from Winter & O'Toole Insurance Claim Service in order to better indicate the area covered. Operated by Robert L. Winter and Vincent E. O'Toole it is staffed to handle claims and all fire and casualty coverages. William H. Hamilton, with many years' experience in fire adjusting, supervises the fire department.

The Burlington office will be managed by Howard E. McCormick, who has been in the Rock Island office in both the fire and casualty fields.

### Walquist-Lindt Servicing Danne Agency Accounts

Robert E. Walquist and John T. Lindt, formerly with the W. C. Danne agency of Chicago, which is now out of business, are now servicing the accounts of that agency. They also operate the Walquist-Lindt agency in the Insurance Exchange building there.

Mr. Walquist has been in the insurance business 21 years and in addition to his agency experience was also with Loyalty group and Continental Casualty for a number of years. Mr. Lindt, with 20 years' experience, spent the first 13 with Hartford Accident and the balance in agency activities.

### Bennett Heads AIMA Hull

Robert M. Bennett has been advanced to head the hull underwriting staff of American International Marine Agency. Before joining the organization in 1957 he was hull secretary of Wm. H. McGee & Co., New York.

Russell A. Boeringer has been appointed hull underwriter. He had been with Carpenter & Baker, New York, since 1949.

## Stocks

By H. W. Cornelius, Bacon, Whipple & Co.  
135 S. LaSalle St., Chicago, May 20, 1958

	Bid	Asked
Aetna Casualty	133	136
Aetna Fire	63	65
Aetna Life	181	186
Agricultural	27	28
American Equitable	33½	35
American (N. J.)	25¼	26¼
American Motorists	11	12
American Surety	16	17
Boston	31½	32½
Camden Fire	29¾	30¾
Continental Casualty	78	80
Crum & Forster com.	53¾	57
Federal	40	41½
Fireman's Fund	49½	51½
General Reinsurance	53½	55
Glens Falls	20½	20¾
Globe & Republic	16½	17¼
Great American Fire	34½	35½
Hartford Fire	146	150
Hanover Fire	38	39
Home (N. Y.)	43¼	44¼
Ins. Co. of No. America	102	104
Maryland Casualty	32¾	33¾
Mass. Bonding	33¾	34¾
National Fire	79½	81
National Union	34½	35½
New Amsterdam Cas.	43½	45
New Hampshire	39½	41
North River	32	33½
Ohio Casualty	21	22½
Phoenix Conn.	66½	68
Prov. Wash.	17½	18½
Reinsurance Corp. of N. Y.	14½	15½
Reliance	39½	41
St. Paul F. & M.	45	46
Springfield F. & M.	47	48½
Standard Accident	41	42½
Travelers	75	76
U. S. F. & G.	56½	57½
U. S. Fire	26	27

### Miss. Bans Fictitious Fire, Casualty Groups

A bill prohibiting discrimination by fire, casualty or surety insurers through fictitious groupings of any firm, corporation or association of individuals is now law in Mississippi. Another new law makes domestic insurers subject to the sales and use tax.

The house has reportedly passed a bill providing that under certain conditions hospital insurance may not be cancelled in less than one year from first notice to policyholder. Similar action was taken with a bill to regulate nuclear energy insurance rates, and one enabling the commissioner to be appointed a receiver of an insolvent out-of-state insurer.

### 100 Turn Out For Coast Fire Loss Assn. Annual

More than 100 members and guests attended the annual banquet of the Pacific Coast Fire Loss Assn. at San Francisco recently. George E. Franklin, Crum & Forster, presided as the newly elected president and presented his predecessor, Howard Chadd, Commercial Union-Ocean group with a testimonial in appreciation of his services. Earl Wright, independent adjuster and widely known for his entertainment capabilities for insurance groups, conducted the program.

### Columbus Women Elect Officers

Insurance Women of Columbus, (O.) celebrated National Insurance Women's day with a dinner. Among the special guests were Lillian Lane, treasurer of the national association, and Gwen Glandon, regional director of region 4. Newly elected officers are: Harriet Joseph, president, Audrey Bennett, vice-president; Jeanne Cockrell, recording secretary; Ruth Weissgerber, corresponding secretary, and Betty Wardlow, treasurer.

Motors has appointed Howard E. Phinney manager at Little Rock. He was formerly at Des Moines and succeeds August G. Malle, who retired after 29 years of service. Mr. Phinney joined the company in 1940 and has been a staff adjuster, claim supervisor, claim manager and manager.

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security — follows you into  
the new and broadened areas  
of service our expanding  
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